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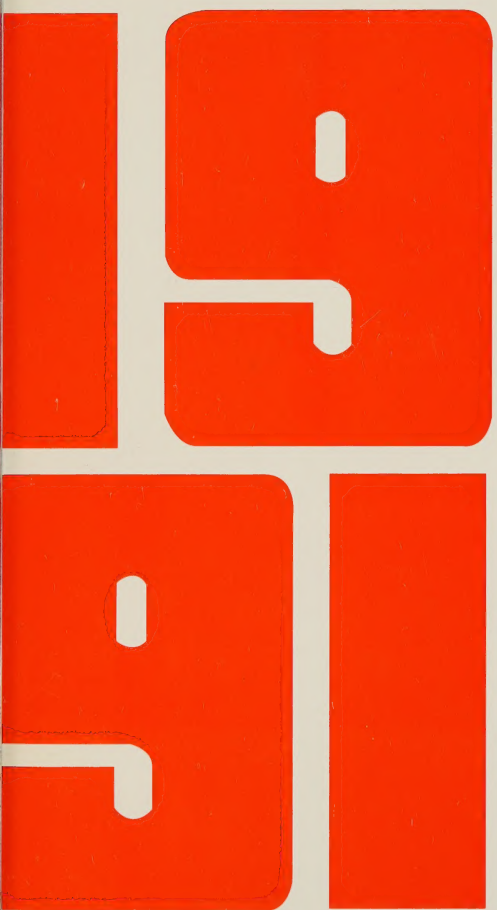


Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

Public accounts of Canada



Volume I

Summary Report and Financial Statements



Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

public accounts of canada

1991

Volume I

Summary Report and Financial Statements

Canada

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To His Excellency

The Right Honourable Ramon John Hnatyshyn,
P.C., C.C., C.M.M., C.D.,
*Governor General and
Commander-in-Chief of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1991.

All of which is respectfully submitted.

Gilles Loiselle,
President of the Treasury Board.

OTTAWA, NOVEMBER 20, 1991

*To The Honourable Gilles Loiselle,
President of the Treasury Board.*

In accordance with the provisions of Section 64(1) of the Financial Administration Act, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1991, to be laid by you before the House of Commons.

Respectfully submitted,

Paul Dick,
Receiver General for Canada.

OTTAWA, NOVEMBER 20, 1991

*To The Honourable Paul Dick,
Receiver General for Canada.*

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1991.

Under Section 64(1) of the Financial Administration Act, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—A financial overview and a ten-year summary of the Government's financial transactions; the financial statements of Canada on which the Auditor General has expressed an opinion, namely, the statements of transactions, of accumulated deficit, of revenue and expenditure, of the assets and liabilities of Canada, and of changes in financial position together with related notes; the observations by the Auditor General on the financial statements of Canada; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

Volume III—Contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

The audited financial statements, contained in Volume I, are for the year ended March 31, 1991.

Respectfully submitted,

Nick Mulder,
Deputy Receiver General for Canada.

OTTAWA, NOVEMBER 20, 1991

VOLUME 1

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INTRODUCTION TO THE PUBLIC ACCOUNTS

Nature of the Public Accounts

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by Section 64 of the Financial Administration Act.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the Public Accounts

The Public Accounts is produced in three volumes.

Volume I presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: financial overview and a ten-year summary of the Government's financial transactions;

SECTION 2: audited financial statements of the Government of Canada, prepared in accordance with Section 64 of the Financial Administration Act;

SECTION 3: review of budgetary revenue;

SECTION 4: review of budgetary expenditure;

SECTION 5: analysis of consolidated accounts;

SECTION 6: analysis of loans, investments and advances;

SECTION 7: analysis of specified purpose accounts;

SECTION 8: analysis of other liabilities;

SECTION 9: analysis of foreign exchange accounts;

SECTION 10: analysis of unmatured debt; and,

SECTION 11: analysis of other information related to the financial statements.

Volume II is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

(a) PART I

Part I is designed to reflect as closely as possible the form and content of Part II of the Main Estimates. Most tables and statements in **Part I** display the source and disposition of spending authorities. The content of **Part I** is summarized as follows:

(i) Summary Tables (Section 1)

Section 1 includes tables which provide summaries of the financial operations contained in the ministerial sections. It also includes, as appendices, the full wording of all authorities granted in current year Appropriation Acts, of all authorities granted by statutes other than Appropriation Acts, of all non-lapsing authorities granted in the current year, and of all authorities available from previous years.

(ii) Ministerial Sections (Sections 2 to 30)

There is one section for each ministry. The programs for the departments and agencies for which a Minister is responsible to Parliament are grouped together to provide a total ministry presentation. Each ministerial section provides a statement of program objectives and activity descriptions. Each ministerial section also includes, where applicable, a uniform set of statements to present each ministry's financial operations. These statements are:

- *Ministry Summary*

This statement displays by program the source and disposition of each budgetary and non-budgetary authority granted by Parliament in Appropriation Acts and other statutes.

- *Programs by Activity*

This statement displays by program the source and disposition of authorities for each activity under each type of expenditure (operating, capital, transfer payments and non-budgetary).

- *Transfer Payments*

This statement displays by program the source and disposition of authorities for each transfer payment.

- *Details of Amounts Credited to the Vote*

This statement displays by program the nature of revenues and receipts which increase the amounts which may be spent from appropriations having net voting authority.

- *Revenue*

This statement displays by program the nature of revenue collected for each main classification of revenue.

(b) PART II

Part II presents additional information and analyses. The content of **Part II** is summarized as follows:

- financial statements of revolving funds (Section 1);
- financial statements of departmental corporations and other entities (Section 2);

- supplementary information required by the Financial Administration Act (Section 3);
- accounts receivable (Section 4);
- professional and special services (Section 5);
- construction and/or acquisition of land, buildings, works, machinery and equipment (Section 6);
- transfer payments (Section 7);
- public debt charges (Section 8);
- payments of damage claims, ex gratia payments, Federal Court awards and nugatory payments (Section 9);
- federal-provincial shared-cost programs (Section 10);
- other Government-wide information (Section 11); and,
- other miscellaneous information (Section 12).

Volume III contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

SECTION 1

1990-91

PUBLIC ACCOUNTS

Financial Overview and Supplementary Financial Information

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NOTE TO USER

It would be appreciated if you could complete and return the
Reader's Survey inserted at the beginning of this volume

1990-91 — THE YEAR IN RETROSPECT

This section provides an overview of the financial operations of the Government of Canada. The financial statements are set out in summary form, with comparative figures for the previous ten years. The financial transactions are presented in accordance with the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

The Deficit and Net Debt

The deficit for fiscal year 1990-91 was \$30,618 million, an increase of \$1,622 million from 1989-90. The increase in the deficit in 1990-91 was entirely attributable to the impact of higher interest rates on public debt charges, as budgetary revenues exceeded program spending. As a percentage of the economy as measured by Gross Domestic Product (GDP), the deficit has declined from a postwar peak of 8.7% in 1984-85 to 4.6% in 1990-91.

With the deficit increasing to \$30,618 million in 1990-91, the accumulated deficit, or net debt, stood at \$388,429 million as of March 31, 1991. As a percentage of GDP, the net debt stood at 57.8%, the highest level in the postwar period. The net debt figures, on an historical basis, have been revised to incorporate adjustments to previously published estimates. These include a correction of an error in the calculation in last year's Public Accounts to the allowance for the actuarial deficiency of the indexed portion of the Government's employee pension accounts. In addition, the Government has restated its investment in its holding of shares in Petro-Canada to reflect more properly the market value of these shares. Both of these adjustments have been made on a retroactive basis. The net impact of these adjustments on net debt is largely offsetting and is shown in Table 1.8a.

Table 1.1 sets out the deficit and net debt over the last ten fiscal years, both in absolute terms and as a percentage of GDP; figures for GDP relate to the calendar years ending in those years. Chart A compares the rate of growth of net debt with the rate of growth of GDP for the last ten fiscal years.

TABLE 1.1

DEFICIT AND NET DEBT (in millions of dollars)

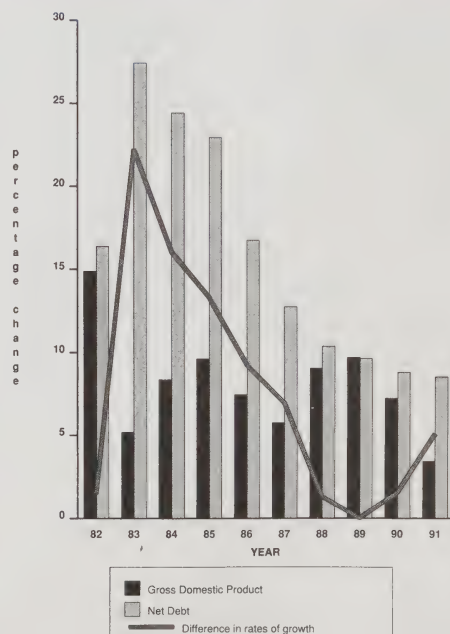
Year ended March 31	Budgetary deficit	% of Gross Domestic Product	Net debt	% of Gross Domestic Product
1982	15,583	4.4	105,889	29.7
1983	29,029	7.7	134,918	36.0
1984	32,917	8.1	167,835	41.4
1985	38,512	8.7	206,347	46.4
1986	34,583	7.2	240,930	50.4
1987	30,733	6.1	271,663	53.7
1988	28,201	5.1	299,864	54.4
1989	28,951	4.8	328,815	54.3
1990	28,996	4.5	357,811	55.1
1991	30,618	4.6	388,429	57.8

Factors Affecting the Deficit

The increase in the deficit of \$1,622 million in 1990-91 was entirely due to the impact of interest rate developments on public debt charges. Public debt charges increased by \$3,717 million in 1990-91 to \$42,537 million. Interest rates rose significantly during the latter half of 1988-89 and remained high throughout both 1989-90 and 1990-91. Given the stock of debt, the compounding impact of these interest rate developments continued to push up public debt charges in 1990-91. Dampening the impact of these higher public debt charges on the deficit were the strength in personal income tax collections and the effects of discretionary policy actions introduced in past budgets which increased budgetary revenues and restrained the growth in program spending.

CHART A

GROSS DOMESTIC PRODUCT AND NET DEBT



Budgetary revenues in 1990-91 amounted to \$119,353 million, up 5.0% from the level reported in 1989-90. The growth in budgetary revenues slowed considerably in 1990-91, reflecting the impact of the recession, particularly on corporate profits, and the transition to the Goods and Services Tax (GST).

Personal income tax revenues, the largest component of budgetary revenues, increased by 11.0% in 1990-91, down slightly from the increase of 12.8% recorded in 1989-90. The recession did not have a significant impact on personal incomes in 1990-91 --- personal incomes were up 7 1/2% in 1990 compared to an increase of 8% in 1989. In addition, personal income tax refunds in 1990-91 were over \$0.7 billion lower than in 1989-90. This was largely due to the transitional impact of personal income tax reform. Although most of the personal income tax reform measures became effective January 1, 1988, withholding tables were not adjusted until July 1, 1988, with the result that personal income tax refunds were substantially higher in 1989-90.

Also contributing to the increase in budgetary revenues in 1990-91 were higher unemployment insurance contributions, up 18.3%, primarily reflecting increases in premium rates. Beginning in 1990, the financing provisions of the unemployment insurance program changed, whereby the full cost of the program is financed through employee-employer premiums. Previously, the federal government financed certain components of the program. As a result, premium rates were increased, effective January 1, 1990, which account for most of the year-over-year advance in unemployment insurance contributions. In addition, most of the increase of 15% in non-tax revenues was due to higher Bank of Canada profits and the Exchange Fund Account.

In contrast, both corporate income tax revenues and excise taxes and duties declined in 1990-91. Corporate income tax revenues declined 9.9% in 1990-91, as the recession had a pronounced effect on corporate profits. Rising unit labour costs, declining demand, and rising exchange rates reduced corporate profit margins to their lowest levels since the 1981-1982 recession. Corporate profits have declined steadily since the fourth quarter of 1988 and by the end of fiscal year 1990-91 were 65% below their pre-recession peak. However, the decline in collections has been less than the cumulative decline in profits, owing to the impact of the base-broadening measures introduced as part of the 1988 Income Tax Reform and the introduction of the Large Corporations Tax.

Excise taxes and duties, which include the federal manufacturers' sales tax (FST), the Goods and Services Tax (GST), customs import duties, and excise taxes, declined by 7.1% on a year-over-year basis. This decline is largely attributable to the replacement of the FST by the GST, effective

January 1, 1991. There are a number of transitional costs associated with sales tax reform, which served to reduce the flow of excise taxes and duties during 1990-91. These include the repayment of FST paid on new and unused goods held in inventory as of December 31, 1990 and the prepayment of the low-income GST credit. These factors reduced excise taxes and duties by \$1.8 billion in 1990-91. In addition, the remittance requirements are different for the GST and FST. Whereas, most large manufacturers were required to remit their FST liabilities twice a month to the Government, GST liabilities are remitted on a monthly, quarterly, or annual basis, based on the annual sales of the business. As a result, remittances were down significantly in January 1991, the month the GST was introduced. The impact of the recession on consumer demand and the phase-out of tariffs under the Canada-United States Free Trade Agreement also contributed to lower revenues in this component.

Budgetary expenditures were up 5.1%, or \$7.3 billion, on a year-over-year basis. Public debt charges, the largest single component of budgetary expenditures, advanced by 9.6%, accounting for over half the overall increase in budgetary expenditures. Program spending --- that is total budgetary expenditure excluding public debt charges --- was up only 3.4%. The increase in public debt charges reflects the compounding effect of the high interest rates in the first half of 1990, coupled with the increase in the stock of debt.

The increase in program spending of 3.4% in 1990-91 was well below the rate of inflation of 4.8%, and slightly less than the average growth in program spending since 1984-85. Program spending growth since 1984-85 has increased at an annual average rate of only 3.6%. The increase in program spending in 1990-91 was largely attributable to the impact of the recession on the cyclically-sensitive components of spending, such as unemployment insurance benefits. However, the impact of these components was largely offset by expenditure reduction initiatives introduced in previous budgets.

The largest component of program spending --- transfers to persons --- advanced by 12.7% in 1990-91, primarily attributable to a 25.4% increase in unemployment insurance benefits as a result of the recession. Among the other programs within major transfers to persons, elderly benefit payments were up 6.0%, reflecting increases in both average benefits, which are indexed to quarterly changes in the consumer price index, and the eligible population base. Payments to Crown corporations were also higher.

Dampening the impact of these increases were lower transfer payments to other levels of government and on other program spending. Direct cash transfers to other levels of government declined between 1989-90 and 1990-91 as increases in Canada Assistance Plan transfers were offset by lower direct cash

transfers under the Established Programs Financing (EPF) and equalization programs. Other major transfers were lower, as declines in subsidies for regional and industrial development and agriculture more than offset higher transfers to developing countries and to Indian and Inuit peoples. Other program spending, which primarily consists of wages and salaries and other operating costs, was also lower. The decline reflects the impact of the ongoing restraint measures introduced in past budgets and the adjustment to the allowance for the actuarial liability for employee pensions, due to both the revisions in economic assumptions and the wage strategy announced in the February 1991 budget.

Table 1.2 sets out the levels and changes in revenues, expenditures and the deficit over the last ten years.

TABLE 1.2

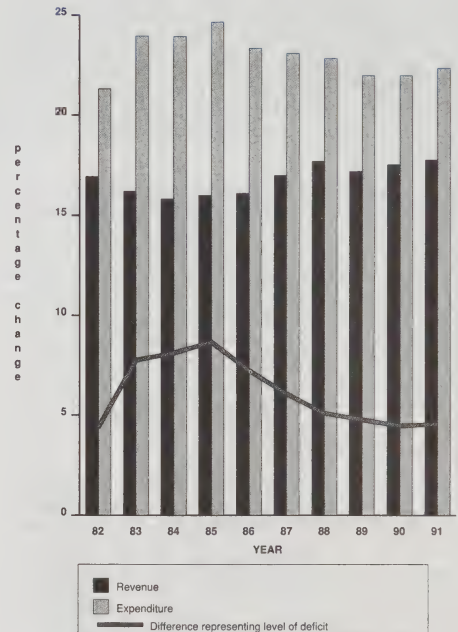
REVENUE, EXPENDITURE AND THE DEFICIT (in millions of dollars)

Year ended March 31	Revenue	% change over preceding year	Expenditure	% change over preceding year	Deficit
1982	60,307	23.4	75,890	20.1	15,583
1983	60,662	0.6	89,691	18.2	29,029
1984	64,168	5.8	97,085	8.2	32,917
1985	71,056	10.7	109,568	12.9	38,512
1986	76,933	8.3	111,516	1.8	34,583
1987	85,931	11.7	116,664	4.6	30,733
1988	97,612	13.6	125,813	7.8	28,201
1989	104,067	6.6	133,018	5.7	28,951
1990	113,707	9.3	142,703	7.3	28,996
1991	119,353	5.0	149,971	5.1	30,618

Chart B compares the levels of revenue and expenditure, expressed as a percentage of GDP over the last ten years and shows the trend in the deficit over that period.

CHART B

REVENUE AND EXPENDITURE AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT



Factors affecting Financial Requirements

The government's net financial requirements reflect not only the difference between budgetary revenues and expenditures, but also the net source of funds generated by non-budgetary and foreign exchange transactions. Non-budgetary transactions in 1990-91 provided \$6,080 million, down \$2,386 million from 1989-90. The lower source of funds in 1990-91 was primarily due to a downward adjustment to the allowance for the actuarial liability for employee pensions, due both to revisions in economic assumptions and the federal government's wage strategy announced in the February 1991 budget. Financial requirements, excluding foreign exchange transactions, therefore, amounted to \$24,538 million, up \$4,008 million from the 1989-90 requirement. As a percentage of GDP, financial requirements, excluding foreign exchange transactions, were 3.7% in 1990-91.

Foreign exchange transactions resulted in a net requirement of \$4,895 million, up \$4,198 million from 1989-90. Foreign exchange transactions are primarily directed towards promoting orderly conditions in the Canadian dollar exchange market. As a result, total financial requirements amounted to \$29,433 million, up \$8,206 million from the 1989-90 requirement. Unmatured debt transactions amounted to \$30,490 million in 1990-91, primarily in the form of Treasury bills and marketable bonds. Cash balances at March 31, 1991 stood at \$2,569 million, up \$1,057 million from the level at March 31, 1990.

Table 1.3 sets out the financial requirements over the last ten years, while Table 1.4 sets out the major components of non-budgetary transactions for the same period.

TABLE 1.3
FINANCIAL REQUIREMENTS
(in millions of dollars)

Year ended March 31	Budgetary deficit	Non- budgetary transactions	Financial requirements		
			Excluding foreign exchange transactions	Foreign exchange transactions	Including foreign exchange transactions
1982	-15,583	6,319	-9,264	558	-8,706
1983	-29,029	5,210	-23,819	-640	-24,459
1984	-32,917	7,698	-25,219	414	-24,805
1985	-38,512	8,688	-29,824	2,423	-27,401
1986	-34,583	4,073	-30,510	5,626	-24,884
1987	-30,733	7,815	-22,918	-6,390	-29,308
1988	-28,201	9,352	-18,849	-7,149	-25,998
1989	-28,951	6,471	-22,480	-5,730	-28,210
1990	-28,996	8,466	-20,530	-697	-21,227
1991	-30,618	6,080	-24,538	-4,895	-29,433

Source/requirement (-)

TABLE 1.4

NON-BUDGETARY TRANSACTIONS (in millions of dollars)

Year ended March 31	Loans, investments and advances	Specified purpose accounts	Other non-budgetary transactions	Total non-budgetary transactions
1982	-1,264	4,536	3,047	6,319
1983	-107	3,291	2,026	5,210
1984	-270	4,566	3,402	7,698
1985	709	5,100	2,879	8,688
1986	41	5,186	-1,154	4,073
1987	1,386	5,328	1,101	7,815
1988	1,509	6,766	1,077	9,352
1989	1,044	4,900	527	6,471
1990	1,050	6,418	998	8,466
1991	430	4,917	733	6,080

Source/requirement (-)

SUPPLEMENTARY FINANCIAL INFORMATION

This part provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

Public Accounts Presentation

The "Summary Statement of Transactions" (Table 1.5) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

TABLE 1.5

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS⁽¹⁾
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
I. Budgetary transactions										
A. Revenue, Table 1.6	60,307	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353
B. Expenditure, Table 1.7	-75,890	-89,691	-97,085	-109,568	-111,516	-116,664	-125,813	-133,018	-142,703	-149,971
Deficit	-15,583	-29,029	-32,917	-38,512	-34,583	-30,733	-28,201	-28,951	-28,996	-30,618
II. Non-budgetary transactions, Table 1.9										
A. Loans, investments and advances	-1,264	-107	-270	709	41	1,386	1,509	1,044	1,050	430
B. Specified purpose accounts	4,536	3,291	4,566	5,100	5,186	5,328	6,766	4,900	6,418	4,917
C. Other transactions	3,047	2,026	3,402	2,879	-1,154	1,101	1,077	527	998	733
Net source	6,319	5,210	7,698	8,688	4,073	7,815	9,352	6,471	8,466	6,080
Financial requirements (excluding foreign exchange transactions) ⁽³⁾	-9,264	-23,819	-25,219	-29,824	-30,510	-22,918	-18,849	-22,480	-20,530	-24,538
III. Foreign exchange transactions⁽²⁾, Table 1.10	558	-640	414	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895
Total financial requirements ⁽³⁾	-8,706	-24,459	-24,805	-27,401	-24,884	-29,308	-25,998	-28,210	-21,227	-29,433
IV. Unmatured debt transactions⁽²⁾, Table 1.10	9,395	22,418	26,638	26,847	23,770	29,182	22,913	28,510	20,906	30,490
Change in cash ⁽⁴⁾	689	-2,041	1,833	-554	-1,114	-126	-3,085	300	-321	1,057
V. Cash balance at end of year, Table 1.10	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569

Details can be found in other sections of this volume.

⁽¹⁾ Consistent with the Statement of Transactions in Section 2 of this volume.

⁽²⁾ The change in unmatured debt payable in foreign currencies, -\$1,149 million in 1990-91 (-\$2,645 million in 1989-90), has been included as part of foreign exchange transactions.

⁽³⁾ Cash requirements (-)

⁽⁴⁾ Cash decrease (-)

TABLE 1.6

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
I. Budgetary transactions										
A. REVENUE, Section 3										
Tax revenue—										
Income tax—										
Personal	24,046	26,330	26,967	29,254	33,008	37,878	45,125	46,026	51,895	57,601
Corporation	8,118	7,139	7,286	9,379	9,210	9,885	10,878	11,730	13,021	11,726
Unemployment insurance contributions	4,753	4,900	7,259	7,553	8,719	9,558	10,425	11,268	10,738	12,707
Non-resident	1,018	998	908	1,021	1,053	1,355	1,162	1,578	1,361	1,372
	37,935	39,367	42,420	47,207	51,990	58,676	67,590	70,602	77,015	83,406
Excise taxes and duties—										
Goods and services tax										2,574
Sales tax	6,148	5,842	6,561	7,592	9,345	11,972	12,927	15,645	17,672	13,630
Customs import duties	3,435	2,828	3,376	3,794	3,971	4,187	4,385	4,521	4,587	4,001
Other	1,739	1,959	2,110	2,312	2,827	2,925	3,026	2,959	3,425	3,466
	11,322	10,629	12,047	13,698	16,143	19,084	20,338	23,125	25,684	23,671
Energy taxes—										
Excise tax—Gasoline	436	408	386	404	729	1,279	2,286	2,174	2,154	2,242
Petroleum and gas revenue tax	864	1,960	2,106	2,563	2,037	473	-75	105	57	-1
Excise tax—Aviation gas and diesel fuel					41	213	385	369	260	231
Natural gas and gas liquids tax	998	1,264	524	-15	-15	1		-1		
Oil export charges	964	626	347	677	327		1			
Special petroleum compensation charge	473									
Canadian Ownership special charge	786	889	805	850	229	-1	6	-1		
	4,521	5,147	4,168	4,479	3,348	1,965	2,603	2,646	2,471	2,472
	15,843	15,776	16,215	18,177	19,491	21,049	22,941	25,771	28,155	26,143
Other tax revenue	120	132	126	107	126	144	207	265	226	279
Total tax revenue	53,898	55,275	58,761	65,491	71,607	79,869	90,738	96,638	105,396	109,828
Non-tax revenue—										
Return on investments—										
Bank of Canada	1,944	1,885	1,713	1,858	1,856	1,971	1,871	1,938	2,239	2,809
Canada Mortgage and Housing Corporation	873	892	941	913	892	866	853	845	822	772
Farm Credit Corporation	296	361	424	463	386	354	326	301	239	230
Exchange Fund Account	711	435	345	224	-505	366	752	1,658	1,661	2,258
Interest on bank deposits	701	433	395	243	278	219	279	256	278	285
Other return on investments	675	622	448	597	754	479	656	549	611	453
	5,200	4,628	4,266	4,298	3,661	4,255	4,737	5,547	5,850	6,807
Other non-tax revenue	1,209	759	1,141	1,267	1,665	1,807	2,137	1,882	2,461	2,718
Total non-tax revenue	6,409	5,387	5,407	5,565	5,326	6,062	6,874	7,429	8,311	9,525
Total net revenue	60,307	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353

TABLE 1.7

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
I. Budgetary transactions										
B. EXPENDITURE, Section 4										
Transfer payments—										
To persons—										
Old age security benefits, guaranteed income supplements and spouses' allowances	8,585	9,643	10,406	11,418	12,525	13,445	14,349	15,202	16,154	17,131
Unemployment insurance benefits	5,446	9,823	9,782	10,052	10,036	10,444	10,487	10,972	11,694	14,665
Family allowances	2,020	2,231	2,326	2,418	2,501	2,534	2,564	2,606	2,653	2,736
Other	1,262	1,270	1,177	1,323	1,525	1,393	1,510	1,596	1,543	1,582
	17,313	22,967	23,691	25,211	26,587	27,816	28,910	30,376	32,044	36,114
To other levels of Government—										
Fiscal arrangements	4,750	5,597	5,977	5,985	5,941	6,302	7,007	8,127	8,653	8,280
Insurance and medical care services	4,283	4,060	5,564	6,330	6,400	6,607	6,558	6,678	6,663	6,033
Canada Assistance Plan	2,298	2,832	3,288	3,745	3,916	4,051	4,246	4,556	5,006	5,788
Education support	1,628	1,532	2,065	2,265	2,277	2,232	2,242	2,227	2,166	1,861
Other	988	1,082	1,228	1,548	1,725	1,461	1,949	2,495	2,643	2,341
	13,947	15,103	18,122	19,873	20,259	20,653	22,002	24,083	25,131	24,303
Other transfer payments	7,786	9,047	11,966	13,986	12,587	12,891	14,678	14,187	13,500	12,910
	39,046	47,117	53,779	59,070	59,433	61,360	65,590	68,646	70,675	73,327
Crown corporations expenditures	4,753	7,150	5,198	6,576	4,809	5,288	5,159	6,072	5,581	6,145
Operating and capital expenditures—										
National Defence	5,672	6,599	7,488	8,416	8,691	9,518	10,257	10,434	10,859	11,544
All other departments and agencies	11,305	11,922	12,543	13,051	13,142	13,840	15,779	14,697	16,768	16,418
	16,977	18,521	20,031	21,467	21,833	23,358	26,036	25,131	27,627	27,962
Total program spending	60,776	72,788	79,008	87,113	86,075	90,006	96,785	99,849	103,883	107,434
Public debt charges	15,114	16,903	18,077	22,455	25,441	26,658	29,028	33,169	38,820	42,537
Total net expenditure	75,890	89,691	97,085	109,568	111,516	116,664	125,813	133,018	142,703	149,971

TABLE 1.8

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
FINANCIAL ASSETS										
<i>LOANS, INVESTMENTS AND ADVANCES</i>										
Enterprise Crown corporations	23,917	25,752	26,151	25,434	25,551	24,721	23,271	22,537	21,977	21,727
Less: allowance for valuation	2,898	4,816	4,950	5,050	4,950	5,050	4,650	5,450	5,550	5,650
	21,019	20,936	21,201	20,384	20,601	19,671	18,621	17,087	16,427	16,077
Other	8,861	9,444	10,018	10,725	10,867	10,311	9,952	10,198	9,208	9,228
Less: allowance for valuation	5,039	5,432	6,001	6,600	7,000	6,900	7,000	6,800	6,200	6,300
	3,822	4,012	4,017	4,125	3,867	3,411	2,952	3,398	3,008	2,928
Total Net Loans, Investments and Advances	24,841	24,948	25,218	24,509	24,468	23,082	21,573	20,485	19,435	19,005
<i>FOREIGN EXCHANGE ACCOUNTS</i>										
International reserves held in the Exchange Fund										
Account	3,023	4,636	3,623	4,211	3,459	8,212	14,779	17,422	15,393	19,066
International Monetary Fund—Subscriptions	2,780	2,716	3,995	3,985	4,670	4,936	5,038	4,334	4,474	4,565
Less: International Monetary Fund—Notes payable and Special Drawing Rights allocations	3,391	3,323	4,302	4,332	5,151	5,580	5,815	5,186	5,045	5,063
Total Net Foreign Exchange Accounts	2,412	4,029	3,316	3,864	2,978	7,568	14,002	16,770	14,822	18,568
ACCOUNTS RECEIVABLE	1,576	1,514	1,447	1,516	1,590	1,711	1,838	2,157	2,421	3,165
CASH IN TRANSIT	1,829	2,565	1,876	1,882	1,693	1,468	2,322	2,087	2,035	2,196
CASH	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569
TOTAL FINANCIAL ASSETS	37,278	37,635	38,269	37,629	35,473	38,447	41,268	43,332	40,225	45,503
ACCUMULATED DEFICIT	105,889	134,918	167,835	206,347	240,930	271,663	299,864	328,815	357,811	388,429
TOTAL	143,167	172,553	206,104	243,976	276,403	310,110	341,132	372,147	398,036	433,932
LIABILITIES										
<i>SPECIFIED PURPOSE ACCOUNTS</i>										
Canada Pension Plan Account (net)	1,025	1,173	1,307	1,502	1,773	1,978	2,284	2,540	2,962	3,459
Superannuation accounts (net)	30,143	34,126	37,988	42,290	46,970	51,965	57,388	63,213	69,597	74,807
Government Annuities Account	1,172	1,150	1,124	1,095	1,060	1,024	987	948	907	864
Deposit and trust accounts	1,321	839	1,099	1,353	1,776	1,795	1,747	1,221	1,156	1,114
Provincial tax collection agreements account	1,415	1,031	1,308	1,617	1,390	1,447	2,497	1,766	1,398	585
Other	323	371	430	499	573	661	733	834	920	1,028
Total Specified Purpose Accounts	35,399	38,690	43,256	48,356	53,542	58,870	65,636	70,522	76,940	81,857
OTHER LIABILITIES	14,601	17,301	19,947	22,901	21,632	22,629	24,687	25,324	26,534	28,172
<i>UNMATURED DEBT</i>										
Payable in Canadian currency	87,759	110,177	136,815	163,662	187,432	216,614	239,527	267,981	288,887	319,377
Payable in foreign currencies	5,408	6,385	6,086	9,057	13,797	11,997	11,282	8,320	5,675	4,526
Total Unmatured Debt	93,167	116,562	142,901	172,719	201,229	228,611	250,809	276,301	294,562	323,903
TOTAL	143,167	172,553	206,104	243,976	276,403	310,110	341,132	372,147	398,036	433,932

TABLE 1.8a

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
STATEMENT OF RETROACTIVE ADJUSTMENTS TO THE ACCUMULATED DEFICIT
(in millions of dollars)

	Year ended March 31							
	1982	1983	1984	1985	1986	1987	1988	1989
Accumulated deficit—as previously reported	106,528	135,262	167,985	206,497	241,080	271,813	300,014	328,965
Allowance for actuarial liability for employee pensions	-1,300	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400
Allowance for valuation of assets	661	1,056	1,250	1,250	1,250	1,250	1,250	1,250
Revised accumulated deficit—end of year	105,889	134,918	167,835	206,347	240,930	271,663	299,864	327,811

TABLE 1.9

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
II. Non-budgetary transactions										
A. LOANS, INVESTMENTS AND ADVANCES,										
Section 6										
Enterprise Crown corporations—										
Lending institutions—										
Canada Deposit Insurance Corporation	-200	60	140	-40	-895	-268	-131	-361	320	150
Canada Mortgage and Housing Corporation	-199	-30	194	364	195	254	234	273	201	194
Export Development Corporation	52	-40	-5	39	64	49	55	25	-75	-16
Farm Credit Corporation	-348	-394	-379	172	214	591	-179	230	104	-82
Federal Business Development Bank	125	145	172	157	119	93	51			
	-570	-259	122	692	-303	719	30	167	550	246
All other enterprise Crown corporations—										
Canadian National Railway Company		-41	-62	2	9	352	29	12	12	13
Petro-Canada	-840	-1,354	-660							
Other	-346	-181	201	23	177	-272	1,391	-178	-2	-9
	-1,186	-1,576	-521	25	186	80	1,420	-166	10	4
Allowance for valuation	386	1,918	134	100	-100	100	-400	1,050	100	100
	-1,370	83	-265	817	-217	899	1,050	1,051	660	350
Other loans, investments and advances—										
Provincial and territorial governments	28	-41	35	67	110	89	37	28	-140	86
National governments including developing countries	-276	-273	-167	-172	-142	124	81	132	696	19
International organizations (subscriptions less notes) .	-166	-213	-335	-378	-220	46	15	-24	-70	-37
Veteran's Land Act Fund advances less allowance										
for conditional benefits	29	28	31	32	31	26	24	20	17	13
Joint and mixed enterprises	8	-42	7	-93	-61	237	319	36	362	
Miscellaneous	-17	-42	-145	-163	140	65	-117	1	125	-101
	-394	-583	-574	-707	-142	587	359	193	990	-20
Allowance for valuation	500	393	569	599	400	-100	100	-200	-600	100
	106	-190	-5	-108	258	487	459	-7	390	80
Total loans, investments and advances after allowance										
for valuation	-1,264	-107	-270	709	41	1,386	1,509	1,044	1,050	430
B. SPECIFIED PURPOSE ACCOUNTS, Section 7										
Liability accounts—										
Canada Pension Plan Account	152	148	134	195	271	205	306	255	422	497
Superannuation accounts	3,514	3,983	3,862	4,302	4,680	4,995	5,423	5,825	6,384	5,210
Government Annuities Account	-21	-22	-26	-29	-35	-36	-37	-39	-41	-43
Deposit and trust accounts	899	-482	260	254	423	19	-47	-518	-65	-42
Provincial tax collection agreements account	-56	-384	277	309	-227	57	1,050	-731	-368	-813
Other	48	48	59	69	74	88	71	108	86	108
Total specified purpose accounts	4,536	3,291	4,566	5,100	5,186	5,328	6,766	4,900	6,418	4,917
C. OTHER TRANSACTIONS, Sections 8 and 11										
Accounts receivable	-192	48	-5		-97	-114	-85	-314	-20	-744
Cash in transit	-79	-722	761	-75	212	218	-896	631	-192	-161
Other liabilities	3,318	2,700	2,646	2,954	-1,269	997	2,058	210	1,210	1,638
Total other transactions	3,047	2,026	3,402	2,879	-1,154	1,101	1,077	527	998	733
Net non-budgetary transactions after allowance										
for valuation	6,319	5,210	7,698	8,688	4,073	7,815	9,352	6,471	8,466	6,080
Summary—										
Net non-budgetary transactions before allowance										
for valuation	5,433	2,899	6,995	7,989	3,773	7,815	9,652	5,621	8,966	5,880
Allowance for valuation	886	2,311	703	699	300		-300	850	-500	200
Net non-budgetary transactions after allowance										
for valuation	6,319	5,210	7,698	8,688	4,073	7,815	9,352	6,471	8,466	6,080

Source/requirement (-)

TABLE 1.10

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
III. Foreign exchange transactions, Section 9										
International reserves held in the Exchange Fund Account	-185	-1,613	1,013	-588	752	-4,753	-6,567	-2,643	2,029	-3,673
International Monetary Fund—Subscriptions	181	64	-1,279	10	-685	-266	-102	504	60	-91
	-4	-1,549	-266	-578	67	-5,019	-6,669	-2,139	2,089	-3,764
Less: International Monetary Fund—Notes payable ..	2	44	-961	-32	-637	-359	-208	495	126	5
Special Drawing Rights allocations	70	24	-18	2	-182	-70	-27	134	15	-23
	72	68	-979	-30	-819	-429	-235	629	141	-18
Unmatured debt transactions payable in foreign currencies	634	977	-299	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149
Total foreign exchange transactions	558	-640	414	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895
IV. Unmatured debt transactions, Section 10										
Marketable bonds	3,000	4,989	7,281	12,379	15,584	13,337	9,928	10,899	10,689	15,294
Canada savings bonds	9,166	7,663	5,563	3,756	2,285	64	9,014	-5,567	-6,827	-6,485
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	18	17	18	16	240	1,351	696	513	67	420
Treasury bills	-2,395	9,750	12,575	10,600	9,650	15,000	4,100	21,650	15,850	20,600
Notes and loans	268	863	1,085	2,987	861	-2,823	-1,171	-2,015	-1,734	-163
Canada bills						1,045		86	315	-438
	10,057	23,282	26,522	29,738	28,620	27,974	22,567	25,566	18,360	29,228
Less: Government's holdings of unmaturing debt—										
Marketable bonds	14	-110	172	-122	137	-175	141	-46	107	-58
Canada savings bonds held on account of employees	14	-3	11	42	-27	36	11	10	-36	19
Canada savings bonds held on account of the Payroll Savings Plan						731	217	54	28	-74
Unmatured debt transactions payable in foreign currencies	634	977	-299	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149
	662	864	-116	2,891	4,850	-1,208	-346	-2,944	-2,546	-1,262
Total unmaturing debt transactions payable in Canadian currency	9,395	22,418	26,638	26,847	23,770	29,182	22,913	28,510	20,906	30,490
V. Cash balance at end of year, Section 11										
In Canadian currency	6,541	4,193	6,329	5,779	4,566	4,479	1,381	1,708	1,369	2,459
In foreign currencies	79	386	83	79	178	139	152	125	143	110
Total cash balance	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569

Source/requirement (-)

TABLE 1.11

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
CANADA PENSION PLAN ACCOUNT										
Receipts—										
Employer and employee contributions	3,282	3,446	3,716	3,879	4,495	4,976	5,583	6,248	7,278	7,969
Investment income	1,850	2,236	2,534	2,889	3,162	3,404	3,669	3,913	4,182	4,410
Disbursements—										
Pensions	-2,456	-3,036	-3,657	-4,224	-4,887	-5,722	-7,329	-8,445	-9,473	-10,541
Administration expenses	-76	-85	-89	-100	-111	-140	-135	-134	-145	-163
Net	2,600	2,561	2,504	2,444	2,659	2,518	1,788	1,582	1,842	1,675
Investments—Securities in Investment Fund	-2,448	-2,413	-2,370	-2,249	-2,388	-2,313	-1,482	-1,327	-1,420	-1,178
Total (net) Canada Pension Plan Account	152	148	134	195	271	205	306	255	422	497

TABLE 1.11
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS —Continued
(in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account—										
Receipts—										
Government contribution	321	339	349	373	391	398	427	434	426	478
Employee contributions	331	339	362	379	384	410	415	406	456	483
Public Service corporations—Employer and employee contributions	128	232	239	246	246	242	240	248	253	252
Interest	837	981	1,261	1,616	1,993	2,445	2,775	3,075	3,392	3,745
Actuarial liability adjustment	951	267								
Other	14	21	21	21	25	31	31	33	42	43
Disbursements—										
Annuities	-466	-523	-576	-647	-740	-835	-931	-1,037	-1,142	-1,247
Other	-65	-45	-42	-49	-65	-77	-116	-159	-118	-107
Change in unamortized portion of actuarial deficiency	-375	301	481	356	244	53				
<i>Net</i>	1,676	1,912	2,095	2,295	2,478	2,667	2,841	3,000	3,309	3,647
Canadian Forces Superannuation Account—										
Receipts—										
Government contribution	159	183	200	212	223	233	247	255	270	288
Employee contributions	91	105	113	120	125	131	139	142	151	161
Interest	618	755	933	1,125	1,350	1,546	1,782	1,968	2,161	2,370
Actuarial liability adjustment	454	286	20							
Other	1	2	2	2	2	3	2	3	4	4
Disbursements—										
Annuities	-292	-315	-336	-363	-394	-426	-459	-499	-544	-586
Other	-15	-12	-10	-13	-16	-17	-20	-25	-31	-31
Change in unamortized portion of actuarial deficiency	-151	20	239	203	152	62	4		-1	-2
<i>Net</i>	865	1,024	1,161	1,286	1,442	1,532	1,695	1,844	2,010	2,204
Royal Canadian Mounted Police Superannuation Account—										
Receipts—										
Government contribution	52	61	65	67	68	72	82	99	71	93
Employee contributions	27	31	34	34	34	37	40	41	43	47
Interest	68	103	127	157	196	237	271	307	349	393
Actuarial liability adjustment	51	5								
Disbursements—										
Annuities	-16	-19	-21	-24	-27	-33	-40	-48	-59	-68
Other	-3	-2	-2	-2	-2	-3	-2	-2	-2	-3
Change in unamortized portion of actuarial deficiency	-21	17	22	19	11	1				
<i>Net</i>	158	196	225	251	280	311	351	397	402	462
Supplementary Retirement Benefits Account—										
Receipts—										
Government contribution	88	81	94	100	103	111	115	115	130	139
Employee contributions	83	87	94	100	103	111	115	115	129	139
Public Service corporations—Employer and employee contributions	24	43	45	46	47	45	48	50	52	52
Other	159	180	185	260	268	273	332	398	471	610
Disbursements—										
Annuities	-26	-31	-27	-25	-27	-37	-53	-71	-94	-118
Other	-13	-9	-10	-11	-14	-18	-21	-23	-25	-25
<i>Net</i>	315	351	381	470	480	485	536	584	663	797
	3,014	3,483	3,862	4,302	4,680	4,995	5,423	5,825	6,384	7,110
Allowance for the actuarial liability for employee pensions	500	500								-1,900
Total (net) superannuation accounts	3,514	3,983	3,862	4,302	4,680	4,995	5,423	5,825	6,384	5,210
Source/requirement (-)										

National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

In 1990-91, the National Accounts deficit increased by \$3,197 million or 13.9% from the 1989-90 level. This reflects a 6.2% increase in revenue and a 7.4% increase in expenditure.

TABLE 1.12

GOVERNMENT OF CANADA NATIONAL ACCOUNTS PRESENTATION DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS (in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
I. National Accounts transactions⁽¹⁾										
A. REVENUE—										
Direct taxes—										
Persons	30,563	33,213	35,715	37,893	44,218	50,110	56,687	58,871	65,349	74,706
Corporations	8,926	9,292	10,049	11,354	11,418	10,357	12,023	12,078	11,422	10,289
Non-residents	1,163	1,116	1,051	1,170	1,192	1,448	1,418	1,808	1,421	1,610
Total direct taxes	40,652	43,621	46,815	50,417	56,828	61,915	70,128	72,757	78,192	86,605
Indirect taxes	19,355	16,863	16,789	18,719	18,708	21,812	24,115	26,277	29,127	27,140
Other current transfers from persons	15	15	16	18	24	23	25	28	32	32
Investment income	5,891	4,913	6,567	7,256	7,933	8,067	9,022	10,458	11,512	12,450
Capital consumption allowances	944	1,008	1,077	1,176	1,255	1,303	1,354	1,449	1,563	1,682
Total revenue	66,857	66,420	71,264	77,586	84,748	93,120	104,644	110,969	120,426	127,909
B. EXPENDITURE—										
Current goods and services—										
Defence	5,689	6,896	7,560	8,447	9,203	9,505	10,225	10,642	11,171	11,848
Non-defence	11,259	12,283	12,603	13,314	14,115	14,600	14,855	15,366	16,937	18,184
Total current goods and services	16,948	19,179	20,163	21,761	23,318	24,105	25,080	26,008	28,108	30,032
Transfer payments to persons	19,776	25,989	28,254	30,440	31,809	33,570	34,799	36,548	38,819	43,944
Subsidies	6,535	5,915	5,825	7,804	5,206	5,405	6,357	5,591	4,964	5,203
Capital assistance	1,042	3,373	3,239	3,452	2,716	2,414	1,792	1,580	1,589	1,379
Current transfers to non-residents	944	1,072	1,282	1,541	1,537	1,904	2,262	2,468	2,950	2,323
Interest on the public debt	14,855	16,821	17,900	22,116	25,102	26,385	28,680	32,885	38,570	42,017
Transfers to provinces	14,217	15,902	18,316	20,120	20,269	20,959	22,781	23,953	25,211	25,915
Transfers to local governments	326	345	528	503	488	523	653	702	884	880
Gross capital formation	1,276	1,310	1,714	2,433	2,175	1,944	1,902	2,217	2,271	2,353
Total expenditure	75,919	89,906	97,221	110,170	112,620	117,209	124,306	131,952	143,366	154,046
Deficit	-9,062	-23,486	-25,957	-32,584	-27,872	-24,089	-19,662	-20,983	-22,940	-26,137

⁽¹⁾ These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1991.

Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are, thus, recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is recorded on a cash basis with the exception of the non-tax revenue. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's

contributions to, and interest payments on, these accounts are included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

Both the Public Accounts and the National Accounts include the financial activities of the consolidated Crown corporations. However, the inclusions are not identical.

TABLE 1.13

GOVERNMENT OF CANADA PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION (in millions of dollars)

	Year ended March 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Budgetary revenue—Public Accounts	60,307	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353
Reconciling items—										
Government pension receipts	3,960	4,508	4,965	5,528	6,070	6,548	7,176	7,756	8,523	9,212
Corporate income tax—Excess of accruals over collections	-91	910	520	-458	-138	-58	1,483	348	-1,599	-1,437
Capital consumption allowances	944	1,008	1,077	1,176	1,255	1,303	1,354	1,449	1,563	1,682
Petroleum compensation charge ⁽¹⁾	3,855	2,852	1,833	2,291	690					
Non-tax revenue ⁽²⁾	-488	-580	-656	-835	-989	-968	-1,260	-1,190	-1,316	-1,262
Deficits of Government business enterprises	-1,465	-1,208	-1,088	-1,104	-933	-938	-937	-907	-991	-726
Miscellaneous ⁽³⁾	-165	-1,732	445	-68	1,860	1,302	-784	-554	539	1,087
Total revenue—National Accounts	66,857	66,420	71,264	77,586	84,748	93,120	104,644	110,969	120,426	127,909
Budgetary expenditure—Public Accounts	75,890	89,691	97,085	109,568	111,516	116,664	125,813	133,018	142,703	149,971
Reconciling items—										
Government pension payments	878	961	1,029	1,139	1,285	1,437	1,600	1,801	1,882	1,941
Net expenditure of funds and agencies ⁽⁴⁾	1,571	1,245	1,403	1,457	1,442	1,568	1,555	1,344	1,726	1,207
Capital consumption allowances	944	1,008	1,077	1,176	1,255	1,303	1,354	1,449	1,563	1,682
Petroleum compensation program ⁽⁵⁾	3,804	2,746	1,763	2,238	1,133	6	60			
Non-tax revenue ⁽⁶⁾	-488	-580	-656	-835	-989	-968	-1,260	-1,190	-1,316	-1,262
Deficits of Government business enterprises	-1,465	-1,208	-1,088	-1,104	-933	-938	-937	-907	-991	-726
Budgetary transfers to funds and agencies	-2,789	-927	-1,232	-1,526	-1,273	-1,213	-1,336	-1,335	-1,265	-1,063
Miscellaneous ⁽⁷⁾	-2,426	-3,030	-2,160	-1,943	-816	-650	-2,543	-2,228	-936	2,296
Total expenditure—National Accounts	75,919	89,906	97,221	110,170	112,620	117,209	124,306	131,952	143,366	154,046

⁽¹⁾ In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

⁽²⁾ Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽³⁾ Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenue in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

⁽⁴⁾ In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

⁽⁵⁾ This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

⁽⁶⁾ Various non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽⁷⁾ Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, and the treatment of expenditure in the supplementary accounting period after March 31.

SECTION 2

1990-91

PUBLIC ACCOUNTS

Audited Financial Statements of the Government of Canada

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NOTE TO USER

It would be appreciated if you could complete and return the
Reader's Survey inserted at the beginning of this volume

PREFACE TO THE AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year.

The two basic concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The financial statements consist of five statements and accompanying notes.

The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in (financial requirements), and the resulting net new borrowing. The financial transactions are classified into the following categories:

- **Budgetary transactions** are all transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenue, together with expenditures.
- **Non-budgetary transactions** are all transactions in loans, investments and advances, in liabilities for the administration of certain public money received or collected for special purposes, and in all other liabilities, other than those related to foreign exchange and unmatured debt.
- **Foreign exchange transactions** are all transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar), accounting for the net position of the Government with respect to the International Monetary Fund, and unmatured debt payable in foreign currencies.
- **Unmatured debt transactions** show increases or decreases in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. They exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation. Because of the restatement of prior period results, the accumulated deficit at the beginning of the year, shown for 1990 and 1991, has been restated.

The third statement is the Statement of Revenue and Expenditure, which presents the Government's revenue and expenditure (results of operations) for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement discloses the Government's cash balances and investments, and amounts owing to and by the Government at the end of the year. It differs in some ways from a conventional private sector balance sheet. Two major differences that are not reported on this statement are fixed assets, having been accounted for as expenditures, and tax revenues which are reported on a cash basis. The difference, therefore, between total assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

Other sections in this volume, together with Volumes II and III of the Public Accounts, are designed to provide more detailed information in respect of matters reported in the financial statements. The opinion of the Auditor General on the financial statements does not extend to these other sections and volumes of the Public Accounts.

STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; a notable exception is that tax revenues are reported on a cash basis. Furthermore, fixed assets are charged to budgetary expenditure at the time of acquisition or construction. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks, and which are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

The Auditor General of Canada provides an independent opinion on the financial statements prepared by the Government as presented in this section of Volume I. The duties of the Auditor General in that respect are contained in section 6 of the Auditor General Act which states in part that the Auditor General shall express his opinion as to whether the financial statements present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have. Additional information is provided in the observations at the end of this section.

Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

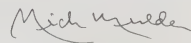
On behalf of the Government of Canada.



J.A. MACDONALD
Comptroller General of Canada



FREDERICK W. GORBET
Deputy Minister of Finance



NICK MULDER
Deputy Receiver General for Canada

GOVERNMENT OF CANADA

Statement of Transactions
for the Year Ended March 31, 1991
(in millions of dollars)

	1991	1990 ⁽²⁾
BUDGETARY TRANSACTIONS		
.....	119,353	113,707
.....	-149,971	-142,703
Deficit for the year	-30,618	-28,996
NON-BUDGETARY TRANSACTIONS		
Net source from loans, investments and advances	430	1,050
.....	4,917	6,418
.....	733	998
Net source	6,080	8,466
Financial requirements (excluding foreign exchange transactions)	-24,538	-20,530
NET REQUIREMENT FROM FOREIGN EXCHANGE TRANSACTIONS ⁽¹⁾		-697
Total financial requirements	-29,433	-21,227
NET INCREASE IN UNMATURED DEBT TRANSACTIONS ⁽¹⁾	30,490	20,906
Increase or decrease (-) in cash	1,057	-321
CASH BALANCE AT BEGINNING OF YEAR	1,512	1,833
CASH BALANCE AT END OF YEAR	2,569	1,512

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Change in unmatured debt payable in foreign currencies, -\$1,149 million in 1991 (-\$2,645 million in 1990), has been included as part of foreign exchange transactions.

⁽²⁾ Restated to reflect retroactive adjustments as reported in Note 7i.

GOVERNMENT OF CANADA

Statement of Accumulated Deficit
for the Year Ended March 31, 1991
(in millions of dollars)

	1991	1990
ACCUMULATED DEFICIT, BEGINNING OF YEAR		
As previously reported	357,961	328,965
Decrease in accumulated deficit at the beginning of the year due to restatement of prior period figures (Note 7)	-150	-150
Accumulated deficit, beginning of year, as restated	357,811	328,815
Deficit for the year	30,618	28,996
ACCUMULATED DEFICIT, END OF YEAR (Note 7)	388,429	357,811

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Revenue and Expenditure for the Year Ended March 31, 1991 (in millions of dollars)

	1991		1990 ^[3]	
	Gross ^[1]	Net ^[1]	Gross ^[1]	Net ^[1]
REVENUE (Note 4)—				
TAX REVENUE				
Income tax—				
Personal	57,601	57,601	51,895	51,895
Corporation	11,726	11,726	13,021	13,021
Unemployment insurance contributions	12,707	12,707	10,738	10,738
Non-resident	1,372	1,372	1,361	1,361
	83,406	83,406	77,015	77,015
Excise taxes and duties—				
Goods and services tax ^[2]	2,574	2,574		
Sales tax and excise taxes	20,057	19,568	24,063	23,568
Customs import duties	4,001	4,001	4,587	4,587
	26,632	26,143	28,650	28,155
Other tax revenue	279	279	226	226
	110,317	109,828	105,891	105,396
NON-TAX REVENUE				
Return on investments	6,857	6,807	5,967	5,850
Other non-tax revenue	5,538	2,718	5,300	2,461
	12,395	9,525	11,267	8,311
TOTAL REVENUE	122,712	119,353	117,158	113,707
EXPENDITURE—				
TRANSFER PAYMENTS—				
To persons—				
Old age security benefits, guaranteed income supplements and spouses' allowances	17,131	17,131	16,154	16,154
Unemployment insurance benefits	14,665	14,665	11,694	11,694
Family allowances	2,736	2,736	2,653	2,653
Other	1,582	1,582	1,543	1,543
	36,114	36,114	32,044	32,044
To other levels of government—				
Fiscal arrangements	8,280	8,280	8,653	8,653
Insurance and medical care services	6,033	6,033	6,663	6,663
Canada Assistance Plan	5,788	5,788	5,006	5,006
Education support	1,861	1,861	2,166	2,166
Other	2,341	2,341	2,643	2,643
	24,303	24,303	25,131	25,131
Other transfer payments	12,910	12,910	13,500	13,500
TOTAL TRANSFER PAYMENTS (Note 5)	73,327	73,327	70,675	70,675
Crown corporations expenditures (Notes 5 and 8)	7,007	6,145	6,569	5,581
Other program expenditures—				
National Defence	11,891	11,544	11,206	10,859
All other departments and agencies	18,568	16,418	18,884	16,768
TOTAL OTHER PROGRAM EXPENDITURES (Note 5)	30,459	27,962	30,090	27,627
Public debt charges	42,537	42,537	38,820	38,820
TOTAL EXPENDITURE (Note 6)	153,330	149,971	146,154	142,703
DEFICIT FOR THE YEAR	30,618	30,618	28,996	28,996

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

^[1] The difference between Gross and Net is revenue credited to appropriations and revenue of consolidated Crown corporations.

^[2] The Goods and Services Tax was introduced on January 1, 1991. Therefore, there is no comparative information for 1990.

^[3] Restated to reflect retroactive adjustments as reported in Note 7i.

GOVERNMENT OF CANADA

Statement of Assets and Liabilities

as at March 31, 1991

(in millions of dollars)

	1991	1990 ⁽¹⁾
FINANCIAL ASSETS		
<i>LOANS, INVESTMENTS AND ADVANCES—</i>		
Enterprise Crown corporations (Notes 8 and 15)—		
Lending institutions—		
Canada Deposit Insurance Corporation	1,225	1,375
Canada Mortgage and Housing Corporation	8,509	8,703
Export Development Corporation	788	772
Farm Credit Corporation	3,450	3,368
Federal Business Development Bank	294	294
	<i>14,266</i>	<i>14,512</i>
All other enterprise Crown corporations—		
Canadian National Railway Company	2,427	2,440
Petro-Canada	4,299	4,299
Other	735	726
	<i>7,461</i>	<i>7,465</i>
Less: allowance for valuation	5,650	5,550
Total enterprise Crown corporations	<i>16,077</i>	<i>16,427</i>
Other loans, investments and advances—		
Provincial and territorial governments	937	1,023
National governments including developing countries (Note 9)	3,476	3,495
International organizations (Note 9)	4,898	4,666
Less: notes payable	2,077	1,882
	<i>2,821</i>	<i>2,784</i>
Veterans' Land Act Fund advances less allowance for conditional benefits	61	74
Joint and mixed enterprises	162	162
Miscellaneous	1,771	1,670
	<i>9,228</i>	<i>9,208</i>
Less: allowance for valuation	6,300	6,200
Total other loans, investments and advances	<i>2,928</i>	<i>3,008</i>
<i>TOTAL LOANS, INVESTMENTS AND ADVANCES</i>	<i>19,005</i>	<i>19,435</i>
<i>FOREIGN EXCHANGE ACCOUNTS—</i>		
International reserves held in the Exchange Fund Account (Note 10)	19,066	15,393
International Monetary Fund—Subscriptions	4,565	4,474
	<i>23,631</i>	<i>19,867</i>
Less: International Monetary Fund—Notes payable	3,854	3,859
Special Drawing Rights allocations	1,209	1,186
	<i>5,063</i>	<i>5,045</i>
<i>TOTAL FOREIGN EXCHANGE ACCOUNTS</i>	<i>18,568</i>	<i>14,822</i>
<i>ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$1,508 (\$998 in 1990))</i>	<i>3,165</i>	<i>2,421</i>
<i>CASH IN TRANSIT</i>	<i>2,196</i>	<i>2,035</i>
<i>CASH</i>	<i>2,569</i>	<i>1,512</i>
TOTAL FINANCIAL ASSETS	45,503	40,225
ACCUMULATED DEFICIT (Note 7)	388,429	357,811
TOTAL	433,932	398,036

	1991	1990 ⁽¹⁾
LIABILITIES		
SPECIFIED PURPOSE ACCOUNTS—		
Canada Pension Plan Account (Note 11)	41,120	39,445
Less: securities held by the Canada Pension Plan Investment Fund	37,661	36,483
	3,459	2,962
Superannuation accounts (Note 12)	74,807	69,597
Government Annuities Account	864	907
Deposit and trust accounts	1,114	1,156
Provincial tax collection agreements account	585	1,398
Other	1,028	920
TOTAL SPECIFIED PURPOSE ACCOUNTS	81,857	76,940
OTHER LIABILITIES—		
Interest and matured debt	10,345	10,317
Less: unamortized discount on Canada and Treasury bills	4,302	4,029
	6,043	6,288
Accounts payable	10,286	9,642
Outstanding cheques and warrants	4,022	2,546
Allowance for employee benefits	3,950	4,200
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government—		
Borrowings of agent enterprise Crown corporations (Note 8)	17,877	16,708
Less: borrowings expected to be repaid by these enterprise Crown corporations	14,327	13,158
	3,550	3,550
Miscellaneous	321	308
TOTAL OTHER LIABILITIES	28,173	26,534
UNMATURED DEBT—		
Payable in Canadian currency—		
Marketable bonds	143,600	127,682
Canada savings bonds	34,444	40,929
Special non-marketable bonds issued to the Canada Pension Plan		
Investment Fund	3,492	3,072
Treasury bills	139,150	118,550
	320,686	290,233
Less: Government's holdings of unmatured debt	1,309	1,346
	319,377	288,887
Payable in foreign currencies—		
Marketable bonds	3,504	4,128
Notes and loans	14	177
Canada bills	1,008	1,446
	4,526	5,751
Less: Government's holdings of unmatured debt		76
	4,526	5,675
TOTAL UNMATURED DEBT (Note 13)	12,407	294,562
TOTAL	433,932	398,036

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Restated to reflect retroactive adjustments as reported in Note 7i.

GOVERNMENT OF CANADA

Statement of Changes in Financial Position
for the Year Ended March 31, 1991
(in millions of dollars)

	1991	1990
FINANCIAL REQUIREMENTS FOR:		
OPERATING ACTIVITIES —		
Deficit for the year	30,618	28,996
Less: outflows (inflows)(-) not requiring (resulting in) cash		
Provision for valuation of assets and liabilities	-1,725	665
Government contributions for employee benefits	1,131	1,014
Interest on — employee superannuation accounts	7,118	6,373
— other specified purpose accounts	671	600
Increase in accounts receivable	-744	-264
Net increase in accounts payable		
and accrued liabilities	1,908	880
Net decrease in accrued interest and		
unamortized discount on the public debt	-245	-835
	8,114	8,433
CASH REQUIRED FOR OPERATING ACTIVITIES	22,504	20,563
INVESTING ACTIVITIES —		
Loans and investments made ⁽¹⁾	4,845	4,418
Less: repayments and recoveries ⁽¹⁾	4,913	6,020
	-68	-1,602
Excess cash outflows in specified purpose accounts	2,102	1,569
CASH REQUIRED FOR INVESTING ACTIVITIES	2,034	-33
TOTAL CASH REQUIREMENTS	24,538	20,530
FINANCED BY :		
Decrease (-) increase in foreign exchange accounts	-3,746	1,948
Issue of foreign currency notes and securities	6,659	7,258
Less: repayments	7,808	9,903
Net foreign currency repayment	-1,149	-2,645
NET REQUIREMENT FROM FOREIGN EXCHANGE TRANSACTIONS	-4,895	-697
Issue of Canadian currency securities	362,766	327,119
Less: repayments	332,276	306,213
NET CANADIAN CURRENCY BORROWING	30,490	20,906
NET INCREASE (-) DECREASE IN CASH	-1,057	321
TOTAL CASH PROVIDED FOR ALL ACTIVITIES	24,538	20,530

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Figures differ from those shown in the Statement of Transactions because non-cash transactions have been re-classified and shown separately.

Notes to the Financial Statements of the Government of Canada

I. Significant Accounting Policies

i. *Government of Canada as a reporting entity*

As a reporting entity, the Government of Canada comprises all organizations which are owned or controlled by the Government and which are accountable for the administration of their affairs and resources either to a minister of the Government or directly to Parliament.

ii. *Method of accounting for Government organizations*

Except for enterprise Crown corporations, which are accounted for by the cost method, all Government organizations are accounted for in the financial statements by consolidation. Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations, and whose principal activity is the sale of goods and services to outside parties.

iii. *Classification of financial transactions*

The financial transactions of the Government are classified as budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

Budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statement of Revenue and Expenditure. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed in the Statement of Assets and Liabilities.

Comparative figures are reclassified retroactively to conform to the current year's presentation.

iv. *Budgetary transactions*

On the Statement of Revenue and Expenditure, revenue and expenditure are reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

Revenue

Tax revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started.

Non-tax revenue is reported in the year in which the transactions or events that give rise to the revenue occur.

Expenditure

Expenditure includes charges for work performed, goods received, services rendered, and transfer payments made during the year. Expenditure may also include net charges related to allowances for the valuation of assets, for general contingencies, for borrowings of agent enterprise Crown corporations, and for other liabilities.

v. *Assets*

Assets are defined as the financial claims acquired by the Government on outside parties. However, as a result of the Government's accounting policies described above, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these is tax revenue receivable.

The fixed assets of the Government, which include land, engineering structures, buildings, machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction.

vi. *Liabilities*

Liabilities are defined as financial obligations of the Government to outside organizations and individuals as a result of events and transactions that occurred on or before the accounting date.

The borrowings of all agent enterprise corporations are recorded as a liability of the Government, net of borrowings expected to be repaid directly by these corporations.

vii. *Valuation of assets and liabilities*

Assets

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. In the case of loans to sovereign states, the Government views these loans as collectible unless formally repudiated by the debtor. The allowance for valuation includes reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms.

The Government's gold reserves are included in the International reserves held in the Exchange Fund Account and are recorded and valued at the Canadian dollar equivalent of 35 Special Drawing Rights per fine ounce. Gold reserves are discussed in more detail in Note 10.

Liabilities

Liabilities are recorded at the amounts ultimately payable. Termination benefits, superannuation plans and Government Annuities Account are reported on an actuarial basis. Superannuation obligations are discussed in more detail in Note 12.

viii. *Allowances for general contingencies*

The Government establishes allowances in respect of potential debt or debt service relief measures for financially troubled countries under multilateral agreements. These allowances are included, as appropriate, in the allowance for valuation of assets and the allowance for borrowings of agent enterprise Crown corporations.

ix. Translation of foreign currency transactions

Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates.

Assets and liabilities resulting from foreign currency transactions are, in turn, reported at year end closing rates of exchange; net gains are credited to revenue, while net losses are charged to expenditure.

2. Authorities for Transactions

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenue can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty also may borrow only as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority. Non-agent borrowings are sometimes guaranteed by the Government with the authority of Parliament.

3. Spending and Borrowing Authorities

i. Source and disposition of spending authorities

The following table summarizes the authorities made available by Parliament and used by the Government for expenditure and for loans, investments and advances.

	(in millions of dollars)			
	1991		1990	
	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)
Used in the current year	138,065	852	131,945	487
Lapsed	2,289	38	2,558	28
Overexpended	-4		-131	
Available for use in subsequent years	957	49,953	1,355	42,895
Authorities available for use, including those from previous years	141,307	50,843	135,727	43,410

Details (unaudited) can be found in Tables 5 and 6, Section 1 of Volume II (Part I) of the Public Accounts.

ii. Reconciliation of expenditure authority

The use of budgetary authority as reported in the above table differs from net total expenditure reported on the Statement of Revenue and Expenditure. Certain specified purpose accounts and certain Crown corporations are consolidated with the Government's financial statements but are not included in the budgetary authorities available for use as shown above. In addition, the authorities above do not include the provision for valuation of assets and liabilities, which is authorized by Section 63 of the Financial Administration Act. These differences are summarized below.

	(in millions of dollars)	
	1991	1990
Use of budgetary authority per the above table	138,065	131,945
Effect of consolidating certain specified purpose accounts—		
Unemployment Insurance Account	13,502	9,740
Western Grain Stabilization Account	-37	-235
Other accounts	415	512
Effect of consolidating certain Crown corporations	-78	212
Net provision for valuation of assets and liabilities ⁽¹⁾	-1,725	715
Internal revenue eliminated	-171	-186
Net total expenditure per Statement of Revenue and Expenditure	149,971	142,703

Details (unaudited) of consolidated specified purpose accounts and consolidated Crown corporations can be found in Section 5 of this volume.

⁽¹⁾ In the current year, \$1,725 million was reversed (\$1,375 million was provided for in 1990) and no asset was written-off (\$660 million was written-off in 1990). In the current year, there is no effect on the provision due to the consolidation of Crown corporations. The effect of -\$50 million in 1990, due to the consolidation, is not included in the \$715 million for 1990 but is included as part of the \$212 million on the effect of consolidating Crown corporations.

iii. Overexpenditure of spending authority

The following votes were overexpended. Most of the amounts represent liabilities incurred but not paid at the fiscal year end. In the next fiscal year, spending authority for each equivalent appropriation is reduced by the amount of those liabilities.

	(in millions of dollars)
	1991
Communications	
Canadian Museum of Nature	
Vote 47c—Payments to the Canadian Museum of Nature	(1)
National Museums of Canada	
Vote 75—Operating expenditures	2
Vote 80—Capital expenditures	(1)
Forestry	
Vote 10—Grants and contributions	(1)
Justice	
Vote 5—Grants and contributions	2
	4

Details (unaudited) can be found in the ministerial sections of Volume II (Part I) of the Public Accounts.

⁽¹⁾ Less than \$500,000.

iv. *Borrowing authorities*

The following table shows the borrowing authorities available and their use, reconciled to the change in unmatured debt as reported on the Statement of Assets and Liabilities.

	(in millions of dollars)						
	1991			Available for use in subsequent years	1990		
	Available	Used	Lapsed		Available	Used	Available for use in subsequent years
Authorities which impose a ceiling through borrowing authority Acts	27,350	27,350			25,175	18,747	6,428
Section 47 of the Financial Administration Act ⁽¹⁾	2,600	1,287	1,313				
Total	29,950	28,637	1,313		25,175	18,747	6,428
Net increase in unmatured debt		29,340				18,261	
Net change in matured Canada savings bonds not yet redeemed		-34				11	
Change in internal holding of Government debt		-165				105	
Change in bonds issued to the Canada Pension Plan		-420				-67	
Change in adjustments of consolidated Crown Corporations holdings		52				-7	
Foreign currency adjustments		-136				444	
Total use of borrowing authorities		28,637				18,747	

⁽¹⁾ Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

4. *Revenue*i. *Personal income tax*

The following table presents details of personal income tax revenue as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1991	1990
Income tax		
Personal	60,434	54,909
Less: refundable tax credits		
child tax credits	2,094	2,444
sales tax credits	727	542
investment tax credits	12	28
Total	57,601	51,895

ii. *Refundable tax credits*

Entitlements to refundable tax credits are claimed on personal and corporate income tax returns and are settled either by reducing the tax liability for the year or, if no liability exists, by issuing a "refund" cheque. In either case, income tax revenues are reduced, even where no tax has been paid. Had the tax reductions and direct payments been reported as expenditures, gross total expenditure and income tax revenue would have increased accordingly.

iii. *Excise taxes and duties*

The following table presents details of excise taxes and duties as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1991	1990
Goods and services tax	3,369	
Less: quarterly tax credits	598	
refunds	2	
rebates	195	
	2,574	
Other excise taxes and duties		
Federal sales tax	13,630	17,672
Energy taxes	2,472	2,471
Other	3,466	3,425
	19,568	23,568
Customs import duties	4,001	4,587
Total	26,143	28,155

On January 1, 1991, a multi-stage broadly-based tax, the Goods and Services Tax (GST) was introduced. Since the GST is applicable only to the fiscal quarter, January 1 to March 31, 1991, the amounts reported for the fiscal year represent only a small proportion of a full year's anticipated revenue. The revenue reported represents remittances received during February and March 1991. The GST reported in the Statement of Revenue and Expenditure is net of all credits, refunds and rebates.

With the introduction of the GST, the Federal Sales Tax (FST) ceased to have general application after December 31, 1990. Amendments were passed to phase out the existing FST. The FST reported in the Statement of Revenue and Expenditure is net of refunds and the special inventory rebates of the phased-out provisions. These special rebates as at March 31, 1991 amounted to \$1,053 million.

Other excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as jewelry, passenger vehicles, air conditioners and telecommunications programming services.

iv. Non-tax revenue

The following are details of non-tax revenue as shown in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1991	1990
Return on investments		
Loans, investments and advances	4,487	3,850
Foreign exchange accounts	2,269	1,672
Other	51	328
	6,807	5,850
Other non-tax revenue	2,718	2,461
Total	9,525	8,311

Other non-tax revenue is comprised principally of refunds of previous years' expenditure, services and service fees, privileges, licences and permits, proceeds from sale of capital assets, current goods and services and domestic coinage.

5. Expenditure

i. Transfer payments

The Government makes transfer payments to persons, other levels of government, enterprises, non-profit institutions, international organizations and foreign countries.

Payments to persons essentially constitute an income security framework. Individuals are provided with assistance because of their age (Old Age Security and Family Allowances), because they are temporarily unemployed (Unemployment Insurance), or for other specific purposes.

Payments are made to other levels of government for numerous transfer programs operated by the federal Government under various statutory authorities, including equalization payments and payments for health care, education, and grants in lieu of taxes.

Payments to enterprises include agricultural subsidies for freight, grain storage, oil and gas subsidies for offshore oil and gas development, incentives, oil import compensation, and freight rate subsidies to railway and transportation companies under various statutory Acts.

Payments are made to international organizations that provide development assistance, military protection, and satellite communications. Payments to foreign countries are for official development assistance in the purchase of goods and services. As well, food aid payments are made to international institutions for the benefit of recipients in developing countries.

Payments to non-profit institutions are to universities in aid of research, to non-profit organizations for research and development, and to various national organizations.

The following is a more detailed summary of transfer payments as shown in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1991	1990
Transfer payments—		
To persons	36,114	32,044
To other levels of government	24,303	25,131
Other transfer payments—		
Foreign aid	2,307	2,768
Indians and Inuit	2,311	2,035
Job creation and Labour Force Adjustment	1,719	1,671
Regional and industrial development	707	831
Agricultural programs	1,099	1,412
Science and technology	1,461	1,455
Other	3,306	3,328
	12,910	13,500
Total transfer payments	73,327	70,675

ii. Crown corporations expenditures

The following are the major components included in Crown corporations expenditures:

	(in millions of dollars)	
	1991	1990
Expenses of consolidated Crown corporations ..	5,541	5,772
Expenditures related to enterprise Crown corporations	1,466	797
	7,007	6,569
Less: revenue of consolidated Crown corporations	862	988
Total	6,145	5,581

iii. Other program expenditures

Other program expenditures by ministry are as follows:

	(in millions of dollars)	
	1991	1990
Agriculture	780	708
Communications	431	488
Employment and Immigration	532	490
Environment	1,025	902
External Affairs	1,037	954
Industry, Science and Technology	1,148	946
National Health and Welfare	1,015	865
National Revenue	2,101	1,655
Public Works	982	827
Solicitor General	2,301	2,099
Transport	1,342	1,419
Other	3,724	5,415
	16,418	16,768
National Defence	11,544	10,859
Total	27,962	27,627

6. Expenditure by Standard Object

Expenditure on the Statement of Revenue and Expenditure is reported by standard object in the following table:

Standard Object	(in millions of dollars)	
	1991	1990
(1) Personnel	18,384	16,653
(2) Transportation and communications	1,931	1,970
(3) Information	296	248
(4) Professional and special services	2,995	2,483
(5) Rentals	1,022	843
(6) Purchased repair and maintenance	1,384	1,392
(7) Utilities, materials and supplies	2,498	2,351
(8) Construction and/or acquisition of land, buildings and works	857	1,020
(9) Construction and/or acquisition of machinery and equipment	3,238	3,199
(10) Transfer payments	73,327	70,675
(11) Public debt charges	42,537	38,820
(12) Other subsidies and payments	4,861	6,500
Total gross expenditure	153,330	146,154
(13) Less: revenues credited to the vote	2,497	2,463
gross revenue of consolidated Crown corporations	862	988
Total net expenditure	149,971	142,703

Details (unaudited) can be found in Table 3, Section 1 of Volume II (Part I) of the Public Accounts.

7. Accumulated Deficit

i. Restatement of prior period

In 1991, the following adjustments resulted in restatement of prior period results:

An adjustment has been made to correct an error of \$1,400 million in the estimated allowance for the actuarial liability for employee pensions. This error related to the inclusion for benefit purposes of some non-pensionable service of certain employees. The entire amount of the error is applicable to years prior to fiscal year 1983-84. The accumulated deficit at the beginning of 1990-91 and 1989-90 has been restated to reflect the retroactive correction of the error.

The issue of treasury shares of Petro-Canada authorized by the Petro-Canada Public Participation Act took place shortly after the 1990-91 year end. This has allowed the Government to determine with more precision the value of its investment in Petro-Canada. Accordingly, the net book value of the Government's investment in Petro-Canada has been adjusted to \$2,249 million to reflect the revised estimated net realizable value. The accumulated deficit at the beginning of the current and previous year has been restated for this adjustment which relates to fiscal years 1981 to 1984, the years that the investments were made in Petro-Canada.

The effect of these adjustments, on the accumulated deficit at the beginning of the current and previous year, is as follows:

	(in millions of dollars)	
	1991	1990
Allowance for actuarial liability for employee pensions	-1,400	-1,400
Allowance for valuation of assets	1,250	1,250
Decrease in accumulated deficit at the beginning of the year due to restatement of prior period figures	-150	-150

ii. Current year

In accordance with its stated accounting policies, the Government includes in its revenues and expenditures the transactions of certain specified purpose accounts and Crown corporations. Legislation requires that the revenue of specified purpose accounts be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must be met through future revenue. The following table shows the balances of these specified purpose accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

	(in millions of dollars)	
	1991	1990
Accumulated deficit excluding consolidated accounts	390,074	360,165
Consolidated specified purpose accounts—		
Unemployment Insurance Account	-176	-971
Canadian Ownership Account	-3,565	-3,565
Western Grain Stabilization Account	1,120	1,164
Crop Reinsurance Fund	496	131
Agriculture Commodities Stabilization Accounts	30	161
Accrued expenditure of the Crop Reinsurance Fund	63	502
Accrued expenditure of the Unemployment Insurance Account	771	513
Other specified purpose accounts	-211	-198
	-1,472	-2,263
Consolidated Crown corporations—		
Reversal of allowance for valuation	-200	-200
Retained earnings	27	109
	-173	-91
Accumulated deficit	388,271	357,811

Details (unaudited) of the consolidated accounts can be found in Section 5 of this volume.

8. Crown Corporations

i. Consolidated Crown corporations

Consolidated Crown corporations are wholly-owned Crown corporations and their wholly-owned subsidiaries which rely on Government funding as their principal source of revenue.

A total of 33 Crown corporations were consolidated in 1991 (29 in 1990). The principal consolidated Crown corporations are: Atomic Energy of Canada Limited, Canadian Broadcasting Corporation, Marine Atlantic Inc., and VIA Rail Canada Inc.

ii. Enterprise Crown corporations

As disclosed in Note 1ii, enterprise Crown corporations are not consolidated in the Government's financial statements but are accounted for by the cost method. The principal enterprise Crown corporations are reported separately on the Statement of Assets and Liabilities.

The following tables set out the assets, liabilities, revenues and expenditures/expenses of the Government and of enterprise Crown corporations.

The tables present the financial transactions and results of operations of the enterprise Crown corporations in accordance with, in most cases, generally accepted accounting principles (GAAP) used by private sector companies. Under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written off over their useful lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

For those enterprise Crown corporations whose year end is March 31, the data are based on audited financial statements. For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with their most recent audited financial statements.

The corporate financial statements of each enterprise and other consolidated Crown corporations are reproduced in Volume III.

a) Assets and liabilities

	(in millions of dollars)			
	1991		1990	
	Government as reported	Enterprise Crown corporations	Government as reported	Enterprise Crown corporations
Assets				
Financial				
Outside parties	29,426	33,755	23,798	32,506
Government and Crown corporations	16,077	25,528	16,427	23,515
Total financial assets ..	45,503	59,283	40,225	56,021
Physical assets and deferred charges		17,884		17,371
Total assets	45,503	77,167	40,225	73,392
Liabilities				
Outside parties				
Borrowings	300,151		271,316	
Agents		17,877		16,708
Non-agents		2,583		1,716
Bank of Canada notes in circulation and amounts owing to depositors		22,974		22,460
Other liabilities	106,479	7,808	99,924	7,781
Government and Crown corporations ..	27,302	15,978	26,796	14,805
Total liabilities	433,932	67,220	398,036	63,470
Net assets/liabilities (-) ..	-388,429	9,947	-357,811	9,922
Contingent liabilities ..	26,180	475	19,000	515

Details (unaudited) can be found in Section 6 of this volume.

b) Revenues and expenditures/expenses

	(in millions of dollars)			
	1991		1990	
	Government as reported	Enterprise Crown corporations	Government as reported	Enterprise Crown corporations
Revenue				
Outside parties	117,375	21,875	112,752	21,141
Government and Crown corporations ..	5,337	4,332	4,406	3,855
Total revenues	122,712	26,207	117,158	24,996
Expenditures/Expenses				
Outside parties	148,933	20,952	141,750	20,251
Government and Crown corporations ..	4,397	2,387	4,404	2,279
Total expenditures/expenses	153,330	23,339	146,154	22,530
Deficit (-)/net income for the year ⁽¹⁾	-30,618	2,868	-28,996	2,466
Other net changes in equity				
Outside parties		-426		-2,165
Government and Crown corporations ..		-2,417		-876
Change in net assets/liabilities (-) for the year	-30,618	25	-28,996	-575
Net assets/liabilities (-) beginning of year ...	-357,811	9,922	-328,815	10,497
Net assets/liabilities (-) end of year	-388,429	9,947	-357,811	9,922

Details (unaudited) can be found in Section 6 of this volume.

⁽¹⁾ Of the net income of Crown corporations, \$2,962 million (\$2,402 million in 1990) has been remitted to the Government and is included in revenue and the deficit.

9. International Development Assistance— Loans, Subscriptions, Contingent Liabilities and Commitments

i. Loans to developing countries

Included in loans to National governments—\$3,476 million (\$3,495 million in 1990)—are loans to developing countries of \$2,309 million (\$2,369 million in 1990). These loans arose from agreements signed before April 1, 1986 and are either at low interest rates or are interest-free. All similar loans disbursed after April 1, 1986 have been treated as budgetary expenditures. The balances outstanding at March 31, grouped by term, are:

Original term	Grace period before repayment commences	Interest rate	(in millions of dollars)	
			1991	1990
20 years	5 years	5%	23	25
30 years	7 years	3%	160	163
35 years	5 years	*	2	2
40 years	10 years	*	1	1
50 years	10 years	*	2,075	2,128
53 years ⁽¹⁾	13 years	*	40	42
55 years ⁽¹⁾	15 years	*	8	8
			2,309	2,369

* Interest-free.

⁽¹⁾ Rescheduled loans.

The terms of these loans confer financial benefits on the recipients and have been fully provided for in the allowance for valuation of assets. Details (unaudited) can be found in Section 6 of this volume.

ii. Subscriptions and loans to international organizations

Loans, investments and advances to international organizations—\$4,898 million (\$4,666 million in 1990)—include subscriptions to the capital of the International Development Association and loans to other international financial institutions of \$4,198 million (\$4,007 million in 1990). These loans are shown net after deduction of notes payable of \$2,077 million (\$1,882 million in 1990), including \$2,046 million (\$1,852 million in 1990) of notes payable to the aforementioned association and institutions. The notes are non-interest bearing and non-negotiable, but are payable on demand, although normally encashed within seven years. The international financial institutions make loans to developing countries on beneficial terms. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Details (unaudited) can be found in Section 6 of this volume.

The allowance for valuation includes an amount of \$2,152 million (\$2,155 million in 1990), which represents the Government's net position relative to these institutions.

iii. Contingent liabilities and commitments

Contingent liabilities under international development assistance result from agreements entered into by the Government that will result in the future disbursement of funds if a potential event occurs. The Government has contingent liabilities for callable subscriptions related to shares purchased in certain international development institutions. As at March 31, 1991, these contingent liabilities amounted to \$8,425 million (\$7,418 million as at March 31, 1990). The Government has also issued lines of credit to international development institutions to finance future lending. As at March 31, 1991, contingent liabilities under these lines of credit amounted to \$1,385 million (\$1,358 million as at March 31, 1990).

The Government has also entered into agreements with international organizations and other sovereign nations, committing it to disburse funds in future years for specified purposes. These include loans to national governments and international development institutions that have been approved, but not yet disbursed. These commitments amounted to \$1,107 million as at March 31, 1991 (\$1,421 million as at March 31, 1990). The Government is also committed, as at March 31, 1991, to disburse \$810 million in future (\$998 million as at March 31, 1990) to subscribe to additional shares in international development institutions. With this commitment, the Government has also incurred contingent liabilities in respect of future callable subscriptions. As at March 31, 1991, these amounted to \$2,861 million (\$3,284 million as at March 31, 1990).

Details (unaudited) on international development assistance commitments and contingent liabilities can be found in Section 6 of this volume. Other commitments and contingent liabilities are discussed separately in Notes 14 and 16 respectively.

10. Gold

Included in the international reserves of \$19,066 million (\$15,393 million in 1990) held in the Exchange Fund Account are Canada's gold holdings of 14.57 million fine ounces with a recorded value of \$792 million (15.92 million fine ounces with a recorded value of \$848 million in 1990).

Gold is valued at the Canadian dollar equivalent of 35 Special Drawing Rights (SDRs) per fine ounce, which approximates its cost in foreign currency terms. The SDR is a unit of account used by the International Monetary Fund and is valued in terms of a "basket" of five major currencies. At March 31, 1991, the Canadian dollar equivalent of 35 SDRs was \$54.33 per fine ounce (\$53.25 per fine ounce in 1990).

Alternative bases of valuation could be used to value gold. On a market value basis (\$411.74 per fine ounce in 1991, \$430.96 in 1990), the recorded value would have been \$5,999 million (\$6,861 million in 1990). On the basis of an estimated average acquisition cost in Canadian dollars at historical rates of exchange \$36.91 per fine ounce in both 1991 and 1990, the recorded value would have been \$538 million (\$588 million in 1990). Further details can be found in the financial statements of the Exchange Fund Account, included in Section 9 of this volume.

11. Canada Pension Plan

Under existing legislation, payments of benefits and costs for the Canada Pension Plan are financed from contributions from employees, employers and self-employed persons, and from interest from the investment of funds not immediately needed for benefits and costs. Although the Plan was set up under federal legislation, it is under the joint control of the Government and the included provinces. Under existing legislation, any significant amendments (e.g. proposed enactment to alter the general level of benefits or the rate of contributions) requires agreement by at least two-thirds of the included provinces having an aggregate of not less than two thirds of the population. The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account which was \$41,120 million at March 31, 1991. In accordance with the accounting policies of the Government, the revenues and expenditures of the Plan (\$12.4 billion and \$10.7 billion respectively) have not been reported with those of the Government.

The financial statements of the Account are reproduced in Section 7 of this volume.

12. Superannuation Accounts

Defined benefit pension plans for substantially all Government full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police (RCMP) have been established by legislation. The Government has obligations for these plans. It also has obligations for several other pension plans. The two most significant ones cover all members of Parliament and federally appointed judges.

The legislation provides that all superannuation obligations arising from these plans be met but separate funds are not maintained.

Pension expenditure is included in the Statement of Revenue and Expenditure as a component of other program expenditures. Pension interest is included in public debt expenditure.

i. Pension plans

Basic pensions are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living, under authority of the Supplementary Retirement Benefits Act.

Employee contributions for these benefits are 6 1/2 percent of pay, less contributions to the Canada or Quebec Pension Plan, plus 1 percent of pay towards indexing. For basic benefits, the employer matches equally the prior year's employee contributions for members of the Public Service, and contributes 1.8 and 2 times current year's contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively. Indexation contributions are matched equally. As well, indexing payments in excess of pensioners' credits in the indexing account are charged directly to expenditure.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other institutions. Pension obligations for Crown corporations covered by the Public Service Superannuation Act are limited to matching their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The basic accounts earn interest at rates that are based on Government of Canada long-term bond rate. The indexation accounts earn interest at rates based on the five-year Government of Canada bond rate. The interest rate earned by the basic accounts was about 11 percent in both 1991 and 1990. The rate for the indexation accounts in 1991 was 10.8 percent (9.8 percent for 1990).

ii. Actuarial valuations

As required under the Public Pensions Reporting Act, actuarial valuations are performed triennially on the five major pension plans including the related benefits payable under the Supplementary Retirement Benefits Act and the related assets of the Supplementary Retirement Benefits Account using the projected benefit method prorated on pensionable service under their respective Acts.

The most recent review date for the actuarial valuation for each plan was prepared as follows:

Public Service Pension Plan — December 31, 1989;

Canadian Forces Pension Plan — December 31, 1987;

Royal Canadian Mounted Police Pension Plan — December 31, 1989;

Pension Plan for federally appointed judges—December 31, 1988;

Members of Parliament retiring allowances — December 31, 1988.

As at March 31, 1991, the actuarial reports for the Public Service Pension Plan and the Royal Canadian Mounted Police Pension Plan were not tabled before Parliament.

Pension obligations, for accounting purposes, are determined on an actuarial basis and incorporate the government's best estimates of future economic events such as inflation rates, interest rates and wages and salary increases. They

incorporate, initially, the effects of current economic conditions which are blended gradually into long-term economic assumptions. The expected long-term assumptions beginning in eight years are estimated to be (compared with assumptions used in previous year):

	(in millions of dollars)	
	1991	1990
Interest rate on new money	5	6
Inflation rate	2	3.5
General wage increase	2.5	4.8

Even minor variations in these assumptions can result in a significantly higher, or lower, estimate of additional liabilities. For example, an increase of 1 percent in the inflation rate would result in an increase in pension liabilities of \$6,100 million. The same percentage increase in interest rates would reduce pension liabilities by \$9,200 million.

The indexing element of the Government's pension plan is valued in its account on a pay as-you-go basis. A supplementary allowance is used to record any shortfall, as determined on an actuarial basis.

iii. Allowance for the actuarial liability for employee pensions

As a result of the annual actuarial valuation for accounting purposes, adjustments were required to the allowance to reflect:

- an overstatement of \$1,400 million as described in Note 7 i.,
- a reduction of \$1,367 million which recognizes a permanent reduction from last year in the long-term pension liabilities due to the implementation of wage restraint throughout the Public Service, and
- a reduction of \$533 million for the amortization of estimation adjustments due to changes in experience and in actuarial assumptions leaving \$6,100 million to be amortized in future years.

The following table provides details of the allowance for actuarial liability for employee pensions as at March 31:

	(in millions of dollars)	
	1991	1990
Allowance, beginning of year	5,300	5,300
Less: Adjustment from wage restraint	1,367	
Amortization of excess liability	533	
Allowance, end of year	3,400	5,300
Amount to be amortized in future years	6,100	
Excess (-) shortfall of superannuation accounts over actuarially determined pension obligations at March 31	-2,700	5,300

The amortization period is based on the expected average remaining service life (EARSLS) of the related employee group and are as follows:

Pension Plan	EARSLS (Years)
Public Service	13
Canadian Forces	13
Royal Canadian Mounted Police	14
Judges	12
Members of Parliament	8

iv. Pension liability and pension related expenditures

The following table represents the balances of the major superannuation liability accounts as at March 31:

	(in millions of dollars)	
	1991	1990
Public Service Superannuation Account	37,566	33,920
Canadian Forces Superannuation Account	23,860	21,656
Royal Canadian Mounted Police Superannuation Account	4,018	3,556
Supplementary Retirement Benefits Account	5,963	5,165
	71,407	64,297
Allowance for actuarial liability for employee pensions	3,400	5,300
Total	74,807	69,597

The following table discloses pension and related interest costs for the major plans charged to expenditure in 1990-91.

	(in millions of dollars)				
	Public Service	Canadian Forces	Royal Canadian Mounted Police	1991 Total	1990 Total
Employer contributions	576	320	102	998	896
Indexation	602	413	32	1,047	966
Interest credited to Accounts ..	4,185	2,507	426	7,118	6,373 ⁽¹⁾
	5,363	3,240	560	9,163	8,235
Decrease in the allowance for actuarial liability for employee pensions				1,900	
				7,263	8,235

⁽¹⁾ Interest on pension accounts is stated, where applicable, net of amortization of actuarial deficiencies. Interest charged to the public debt represents the total of the two amounts.

Details (unaudited) of the Accounts are reproduced in Section 7 of this volume.

13. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value.

Maturing date(s)	(in millions of dollars)							Total
	Marketable bonds		Canada savings bonds ⁽¹⁾	Canada Pension Plan non-marketable bonds	Treasury bills	Notes and loans	Canada bills	
	Canadian	Foreign currencies expressed in Canadian \$				Foreign currencies expressed in Canadian \$	Foreign currencies expressed in Canadian \$	
1992	13,155		3,417	6	139,150		1,008	156,736
1993	14,923	803	4,597	7		14		20,344
1994	15,140	632	2,795	8				18,575
1995	13,865			9				13,874
1996	10,859	1,885		10				12,754
1997/2001	32,013	184	12,069	75				44,341
2002/06	20,387		11,566	309				32,262
Subsequent	23,258			3,068				26,326
	143,600	3,504	34,444	3,492	139,150	14	1,008	325,212
Less: Government's holdings of unmatured debt	115		1,194					1,309
	143,485	3,504	33,250	3,492	139,150	14	1,008	323,903
Effective average annual interest rate	10.60	7.56	10.75	10.19	10.97	8.50	6.42	10.72
Range of interest rates	3-18	4.375-10.125	10.75	6.75-17.51	9.22-13.93	8.50	6.01-8.55	3-18

⁽¹⁾ Canada savings bonds are redeemable on demand.

Substantially all Government debt is issued at fixed rates. The Government has, however, entered into interest rate and currency swap agreements to facilitate management of the risks associated with its interest rate and foreign currency exposure. At March 31, 1991, the Government had interest swap agreements of U.S. \$1,625 million, Yen 60,000 million and CDN \$5,275 million in notional principal. Under these agreements, which expire between 1991 and 2001, fixed interest rate commitments have been converted to variable rates (tied to LIBOR or Banker's Acceptance).

Currency swap agreements at March 31, 1991 have converted future exchange risks of 100,000 million Yen debt to U.S. \$676 million debt.

The interest paid or payable and the interest received or receivable on all swap transactions is recorded as part of the public debt in the Statement of Revenue and Expenditure.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end. At year end, foreign currency borrowings included the following:

Currency	(in millions of dollars)		
	1991	1991	1990
	Face value	Canadian \$ equivalent	Canadian \$ equivalent
United States dollars	2,670	3,091	3,726
Swiss francs	200	159	312
Japanese yen ⁽¹⁾		1,276	1,713
		4,526	5,751

⁽¹⁾ The 1991 Canadian \$ equivalent is comprised of the conversion of Yen debt 100,000 million (180,000 million in 1990) and 676 million (1,086 million in 1990) U.S. dollar swap risks.

14. Contractual Commitments

The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Contractual commitments are classified in the following four categories: fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project or individual contract if not part of a project at year end, are reported for fixed assets, purchases and operating leases. All capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

The Government's commitments with respect to international development assistance are discussed separately in Note 9 *iii*.

The following are the contractual commitments at March 31, 1991, including those of consolidated Crown corporations where indicated, which will result in substantial outlays in future years.

i. Fixed assets, purchases and operating leases

	(in millions of dollars)			
	1991		1990 ⁽¹⁾	
	Total estimated cost	Out-standing commitments	Total estimated cost	Out-standing commitments
Fixed assets ⁽²⁾	14,291	4,540	14,414	5,176
Purchases	1,885	250	1,057	517
Total	16,176	4,790	15,471	5,693
Outstanding commitments by year:				
1992		1,674		2,004
1993		1,022		1,289
1994		633		753
1995		471		407
1996		264		369
1997 and subsequently		726		871
		4,790		5,693

Details (unaudited) can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1990 are for one year increments for 1991 to 1996 and subsequently.

⁽²⁾ Includes contractual commitments of consolidated Crown corporations.

ii. Capital leases

	(in millions of dollars)	
	1991 ⁽¹⁾	1990 ⁽²⁾
Scheduled minimum lease payments to be made in:		
1992	66	66
1993	66	64
1994	67	64
1995	65	64
1996	64	64
1997/2001	318	318
2002/2006	318	318
2007/2011	329	322
2012/2016	244	284
2017/2021	159	178
2022/2026	31	44
Total commitments under capital lease arrangements (minimum lease payments)	1,727	1,786
Less: imputed interest	1,183	1,242
executory costs		1
Net commitments under capital lease arrangements	544	543

Details (unaudited) can be found in Section 11 of this volume.

⁽¹⁾ Includes capital leases of consolidated Crown corporations.

⁽²⁾ Figures for 1990 are for one year increments for 1991 to 1995 and for five years increments for 1996 to 2025.

15. Insurance Programs

Three Crown corporations operate insurance programs as agents of Her Majesty. These programs are intended to be self-sustaining, but in the event that the corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance need be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits at March 31, 1991 were \$291,400 million (\$233,022 million at March 31, 1990). Although there is a deficiency in the Deposit Insurance Fund of \$679 million (\$888 million at March 31, 1990), the Government is of the opinion that, based on current information, CDIC will, over time, eliminate its deficiency without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force at March 31, 1991 was \$53,680 million (\$49,830 million at March 31, 1990). Budgetary financial assistance is provided by the Government only to the extent required. The MIF's surplus at March 31, 1991 was \$187 million (\$83 million in 1990) and the recent excess of receipts over disbursements has resulted in investments in securities of \$923 million at March 31, 1991 (\$568 million in 1990).

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force at March 31, 1991 was \$4,999 million (\$4,326 million in 1990). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

This information has not been audited since the information provided is derived from interim financial statements of the three corporations. The most recent annual financial statements of these corporations and their insurance funds can be found in Volume III of the Public Accounts. Details (unaudited) of the transactions for these three insurance programs for the year ended March 31, 1991 can be found in Section 11 of this volume.

16. Contingent Liabilities of the Government of Canada

The contingent liabilities of the Government consist of potential losses from the exercise of explicit guarantees and from claims and pending and threatened litigation related to native land claims and treaty rights, breach of contract, damages to persons and property, and like items. If they become actual liabilities, they are recorded in the accounts in the fiscal year in which that occurs. Specific amounts are reported when available. Where specific amounts are not available, estimates of potential liability are used, if determinable. Items for which no reasonable estimate can be made are not included.

The amounts are summarized as follows:

	(in millions of dollars)	
	1991	1990
i) Explicit guarantees by the Government:		
Borrowings by non-agent Crown corporations	(1)	(1)
Borrowings by other than Crown corporations	5,708	5,128
Insurance programs of the Government	1,034	1,087
Other explicit guarantees	2,252	136
ii) Claims and pending and threatened litigation	15,856	10,489
iii) Comprehensive native land claims	1,248	1,964
iv) Consolidated Crown corporations	82	196
	26,180	19,000

Further details (unaudited), including particulars of explicit guarantees, authorized limits and information on previous claims, unquantified items and letters of comfort, can be found in Section 11 of this volume.

⁽¹⁾ Less than \$500,000.

Contingent liabilities with respect to international development assistance are discussed in Note 9 *iii*.

Explicit guarantees

These are amounts guaranteed by specific agreement or legislation. Insurance programs of agent Crown corporations are not considered to be contingent liabilities since they are currently supported by fees or premiums and are intended to be self-funding. Amounts represented by letters of comfort are not included since they are not explicit guarantees of payment.

Claims and pending and threatened litigation

This category includes claims received and claims which are actually under litigation, or may be litigated, for which specific amounts are claimed or potential settlements can be quantified. It includes amounts in respect of native claims, breach of contract, expropriation, losses or damage related to property, and like items. A major part of these claims is made up of native claims related to statutory and treaty obligations. Approximately four hundred and fifty of these claims have not been quantified and are thus not included.

Comprehensive Native land claims

This category consists of claims where no treaty exists and includes claims which have been negotiated and are awaiting ratification by the recipient groups involved. Some 30 claims which are in negotiation or under review have not yet been quantified and are not included.

Consolidated Crown corporations

These are the contingent liabilities of appropriation dependent Crown corporations whose revenues, expenditures, assets and liabilities are reported with those of the Government.



**OPINION OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA**

To the House of Commons

I have audited the statement of assets and liabilities of the Government of Canada as at March 31, 1991 and the statements of revenue and expenditure, accumulated deficit, changes in financial position and transactions for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit, as required by Section 6 of the Auditor General Act.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

As set out below, I have three Reservations with respect to the fairness of these financial statements. They deal with what I believe is improper accounting for: the effect of short-term wage restraint on employee pensions; a reduction in the value of the investment in Petro-Canada; and, income tax revenue collected on behalf of provinces. If the Government adjusted the financial statements for the matters reported in these Reservations, the reported deficit for 1991 would be increased by up to \$2.0 billion, liabilities would be increased by up to \$800 million, and the accumulated deficit at the beginning of 1991 would be decreased by approximately \$1.2 billion.

In my opinion, except for the effects of the matters reported in these Reservations, the accompanying financial statements present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 1991 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended, in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements. As required by Section 6 of the Auditor General Act, I also report that, in my opinion, except for the effect of the matter reported in Reservation 2, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Reservation 1: Improper accounting for the effect of short-term wage restraint on employee pensions

As stated in Note 12 (iii) to the financial statements, the government has reduced the reported liability for employee pensions by an estimated \$1,367 million, based on certain assumptions as to the effect of short-term wage restraint throughout the Public Service. The full amount of this reduction has been offset against the 1991 deficit. In my view, this \$1,367 million should have been recognized in equal annual amounts of approximately \$100 million over the

expected average remaining service lives of employees, as recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Committee. Had this been done, the reported liability for employee pensions and the deficit for 1991 would have increased by approximately \$1.3 billion.

Reservation 2: Improper accounting for a reduction in the value of the investment in Petro-Canada

As explained in Note 7 (i), the allowance for valuation of the Government's investment in Petro-Canada has been increased by an estimated \$1,250 million during 1991, bringing the total allowance for this investment to \$2,050 million. The full amount of the \$1,250 million increase during 1991 has been charged against deficits of prior years. This is the first time that annual revisions to the allowance for valuation of assets have been carried back to prior years. The initial \$800 million allowance for the Government's investment in Petro-Canada was recorded in 1989 and included in the deficit of that year. In my view, the \$1,250 million represents a change in an accounting estimate during 1991 which should have been charged to the deficit for 1991. Had this been done, the 1991 deficit would be increased by a further \$1,250 million, with a corresponding decrease of \$1,250 million in the accumulated deficit at the beginning of that year.

Reservation 3: Improper accounting for income tax revenue collected on behalf of provinces

As explained in Note 1 (iv), tax revenue excludes taxes collected on behalf of provinces and territories. Throughout the year, income tax collected by the government is split between federal and provincial shares on an estimated basis. Entitlements are finalized 12 months after the close of the fiscal year. No attempt is made to refine the allocation after the end of the year and prior to finalizing the financial statements, although information is available to do so. In my view, the government should have re-estimated the split between federal and provincial shares on the basis of assessment data to the end of August, and adjusted the financial statements accordingly. Had this been done, the deficit for 1991 and the provincial tax collection agreements account liability would each be reduced significantly. I have estimated that the reduction would be at least \$500 million.

Additional information and comments on the financial statements and this opinion are included in my observations in the second part of this section.



L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
October 2, 1991

OBSERVATIONS BY THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

Introduction

The financial statements of the Government of Canada for the year ended March 31, 1991, and my audit opinion on them, are in the first part of this section. In this part of Section 2, I present additional information and comments on the government's financial statements and my audit opinion. In prior years, the Auditor General's observations on the government's financial statements were included in his annual Report to Parliament (chapter 2 in 1990).

The publication of audited financial statements for the government as a whole is not just a perfunctory exercise. The reported debt and deficit have significant implications for all Canadians. The audited statements should help Members of Parliament and others who read them to understand the government's financial condition and to assess policies and actions to improve it.

The mandate for my audit of the government's financial statements is contained in section 6 of the Auditor General Act. Section 6 states that "the Auditor General shall examine the several financial statements required by section 64 of the Financial Administration Act to be included in the Public Accounts, and any other statement that the President of the Treasury Board or the Minister of Finance may present for audit and shall express his opinion as to whether they present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have."

My audit opinion on the government's 1991 financial statements includes three significant Reservations. A qualified audit opinion is a serious matter. It cautions readers that the financial statements that the government has prepared can only be relied on if read in conjunction with the auditor's report.

The observations that follow provide additional explanatory information on the three Reservations in my 1991 audit opinion, and explain in more detail what my audit opinion means and how I arrived at it. I also comment on the work of the Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Committee (PSAAC), and on the need for a concise annual financial report for the federal government.

The Three Reservations In My 1991 Audit Opinion

Reservation 1: Improper accounting for the effect of short-term wage restraint on employee pensions

As stated in Note 12 (iii) to the financial statements, the government has reduced the reported liability for employee pensions by an estimated \$1,367 million, based on certain assumptions as to the effect of short-term wage restraint throughout the Public Service. The full amount of this reduction has been offset against the 1991 deficit. In my view, this \$1,367 million should have been recognized in equal annual amounts of approximately \$100 million over the expected average remaining service lives of employees, as recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Committee (PSAAC). Had this been done, the reported liability for employee pensions and the deficit for 1991 would have increased by approximately \$1.3 billion.

PSAAC's Accounting Statement 5 contains a number of recommendations dealing with how governments should account for and report their pension liabilities. For example, the effects of changes in actuarial assumptions are to be spread over the remaining working lives of employees rather than included in the deficit of the year in which the changes are made. This recognizes the tentative nature of adjustments such as the future effects of short-term wage restraint, and the fact that further adjustments will likely be required as employees approach retirement.

In 1991, the government made a significant change in actuarial assumptions. As disclosed in Note 12 (iii), the effect of this change was to reduce the liability for employee pensions by some \$8 billion. \$6.6 billion of this amount is being spread over the remaining working lives of employees as recommended by PSAAC. However, the remaining \$1.367 billion has been offset against the 1991 deficit. This amount represents an estimate of the effect of lower wages over the next 3 years on pensions that will be paid many years later.

In my judgment, the \$1.367 billion should also be spread over the remaining working lives of employees -- approximately 13 years as reported in Note 12 (iii). It is simply not possible to estimate with precision the effect of wage restraint on future pensions at this time. There are far too many uncertainties. For example, wage settlements in both the short and longer term may differ from targets. In my view, preventing adjustments such as the \$1.367 billion is precisely what PSAAC had in mind when recommending that the effects of changes in actuarial assumptions be spread over future years.

A related concern is the extent to which the government has changed its actuarial assumptions from those used in prior years. In his most recent Actuarial Report on the pension plan for the Public Service, which was tabled in the House of Commons on October 11, 1991, the government's Chief Actuary commented on actuarial assumptions as follows:

"If we adopted for this valuation economic assumptions derived from this 'current view of the future', their effect on the valuation results would be very significant as compared to the results that would have been obtained on the basis of economic assumptions adopted for the previous valuation which was done as at December 31, 1986. Because future economic conditions cannot be predicted with a high degree of probability, and because it is inadvisable to make large changes in assumptions from one actuarial review to the next, we decided, for this valuation, to modify the economic assumptions used in the previous actuarial review only part way to those that, on the basis of our research, would reflect the current view of expected future economic levels and relationships." (underline added)

If the Chief Actuary's assumptions had been used as at March 31, 1991, employee pension liabilities would have declined by only \$3.7 billion, compared with the \$8 billion reduction calculated by the government. I recognize that, as explained earlier, the effects of changes in actuarial assumptions are to be reflected and amortized in reported liabilities and the deficit over the remaining working lives of employees rather than all in one year. I also recognize that the estimation of such long-term liabilities is a subjective exercise, and that there is no absolutely correct answer. Nevertheless, it concerns me that the government has not used the Chief Actuary's assumptions when adjusting these significant liabilities.

All of this leads me to two key recommendations. First, that the government adjust its stated accounting policies and practices to conform fully with PSAAC's Accounting Statement 5. Second, that the government use the Chief Actuary's assumptions when estimating employee pension liabilities at year end. Implementation of these recommendations would help ensure that deficits and debt are measured and reported fairly and consistently from one year to the next.

Reservation 2: Improper accounting for a reduction in the value of the investment in Petro-Canada

As explained in Note 7 (i), the allowance for valuation of the Government's investment in Petro-Canada has been increased by an estimated \$1,250 million during 1991, bringing the total allowance for this investment to \$2,050 million. The full amount of the \$1,250 million increase during 1991 has been charged against deficits of prior years. This is the first time

that annual revisions to the allowance for valuation of assets have been carried back to prior years. The initial \$800 million allowance for the Government's investment in Petro-Canada was recorded in 1989 and included in the deficit of that year. In my view, the \$1,250 million represents a change in an accounting estimate during 1991 which should have been charged to the deficit for 1991. Had this been done, the 1991 deficit would be increased by a further \$1,250 million, with a corresponding decrease of \$1,250 million in the accumulated deficit at the beginning of that year.

In July of 1991, the government's ownership interest in Petro-Canada was reduced from 100 percent to approximately 80 percent. To effect this reduction, the corporation sold new shares (treasury shares) to outsiders at a price of \$13 per share. The government then re-valued its remaining investment in the corporation to this price. \$1,250 million was added to the \$800 million already in the overall asset valuation allowance in respect of Petro-Canada. This brought the net book value of the government's investment in the corporation down to \$2.3 billion -- \$4,299 million as shown on the Statement of Assets and Liabilities less \$2,050 million included in the allowance for valuation.

Last year, both the government and my office were satisfied, based on information available at that time, that the valuation allowance of \$800 million in respect of Petro-Canada was reasonable. This year, the government determined that an additional allowance of \$1,250 million is needed, and I have concluded that the further \$1,250 million is reasonable. However, we disagree on the year in which the additional allowance should be included in the deficit.

The government has re-stated previously reported deficits rather than including the amount in the current year's deficit. This is the first time that revisions to an accounting estimate have been carried back to prior years rather than being charged to the current year. Generally speaking, I do not believe that this practice of "retroactive restatement" has any place in accountability reporting by governments. It can all too easily be used to hide the bottom line financial effects of significant and perhaps controversial government transactions.

PSAAC's Accounting Statement 4 recommends an approach to accounting for investments in Crown corporations that all but eliminates the need for valuation allowances to recognize declines in value. Under Statement 4, enterprise Crown corporations, such as Petro-Canada, would be included in the government reporting entity on what is known as the "modified equity" basis of accounting. Corporate net profits (or losses) would be included in the government's deficit when earned (or incurred), with a corresponding adjustment to the carrying value of the investment. The government would not be able to defer recognition of enterprise profits or losses to future years, or hide them in prior years.

The government's stated accounting policies do not, however, require investments in enterprise Crown corporations to be accounted for in this manner. Such corporations continue to be accounted for on the "cost" basis. Their net profits (or losses) are only included in the government's financial statements when they are paid over (or reimbursed). Declines in value are recognized through asset valuation allowances.

In my view, the government should do two things. First, adjust its stated accounting policies and practices to conform fully with PSAAC's Accounting Statement 4. Second, eliminate the practice of retroactive restatement, except when recognizing the effects of changes in accounting policy or correcting prior year errors. Implementation of these two recommendations would help ensure that the economic activities of enterprise Crown corporations are reflected fairly in the carrying value of investments and the deficit for the year.

Reservation 3: Improper accounting for income tax revenue collected on behalf of provinces

As explained in Note 1 (iv), tax revenue excludes taxes collected on behalf of provinces and territories. Throughout the year, income tax collected by the government is split between federal and provincial shares on an estimated basis. Entitlements are finalized 12 months after the close of the fiscal year. No attempt is made to refine the allocation after the end of the

year and prior to finalizing the financial statements, although information is available to do so. In my view, the government should have re-estimated the split between federal and provincial shares on the basis of assessment data to the end of August, and adjusted the financial statements accordingly. Had this been done, the deficit for 1991 and the provincial tax collection agreements account liability would each be reduced significantly. I have estimated that the reduction would be at least \$500 million.

The government's approach to reporting this significant liability has been to let adjustments fall into the subsequent year when entitlements are finalized with the provinces. The reason given for this approach is that, under the government's stated accounting policies, income tax revenue is reported in the year received, with no adjustment at the end of the year for amounts receivable or refunds owing.

However, under the accounting policy stated in Note 1 (vi), liabilities are defined as financial obligations to outside organizations and individuals as a result of events and transactions that occurred on or before the accounting date. As a consequence, the failure to adjust the liability to provinces for income tax collected on their behalf violates the government's stated accounting policy for recording and reporting liabilities.

But the issue is even broader. For some years, it has been widely recognized that the cash basis of accounting can lead to significant distortions in reported assets, liabilities, revenues and the deficit. Amounts shown in the summary statements can be affected significantly by factors that have nothing to do with economic activity during the reporting period. For example, delays at Revenue Canada in issuing refund cheques can inflate reported revenues. Similarly, changes in the basis of remitting income taxes at source can significantly affect reported revenues and the deficit.

In 1986, PSAAC issued Accounting Statement 3, which included the following recommendation:

"Revenues should be accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Items not practicably measurable until cash is received would be accounted for at that time."

In accompanying commentary, PSAAC noted that amounts owing from self-assessed taxes are not now estimated by the government at the end of the accounting period. However, the Committee also commented that as reliable methods are developed to estimate such amounts, they should be accounted for in the financial statements. This would help ensure that a complete measure of revenue is reported and that related financial assets are accounted for in the period created.

In May of 1987, the Senate Finance Committee heard testimony concerning whether the government's accounts receivable should be included in the Statement of Assets and Liabilities. In its Eleventh Report of May 28 of that year, the Committee stated that:

"...it recognizes the difficulty raised by the witnesses in determining the value of a tax and non-tax receivables. Nevertheless it believes that in principle, all receivables should be accrued and be part of the audited financial statements of the Government of Canada."

The Committee recommended that my Office audit the memorandum records maintained by departments in order to determine the practicability of including accounts receivable in the government's summary statements. This is being done. In 1989, the government began reporting receivables in respect of non-tax revenue. In the current year, officials from my Office have initiated discussions with the government to determine how best to recognize receivables and payables for tax revenue.

In summary, I believe that the government should, without delay, adjust the liability to provinces for income tax collected on their behalf in order to satisfy the definition of liabilities set out in Note 1 (vi). In addition, the government should begin to recognize income tax revenue on an appropriate accrual basis as soon as it is practicable to do so. Implementation of these recommendations would remove distortions from the accounts and provide users with more of the information they need.

What My Audit Opinion Means And How I Arrived At It

The format of this year's opinion is somewhat different from that of previous years. Many of the changes implement recommendations of the Canadian Institute of Chartered Accountants that were designed to make audit opinions more understandable. Other changes were necessary because the 1991 opinion contains Reservations and the 1990 opinion did not.

My audit opinion on the government's 1991 financial statements consists of four paragraphs. The first, commonly referred to as the "introduction" paragraph, identifies the financial statements that I have examined and reported on, and the responsibilities of the government and of my office in relation thereto. The second "scope" paragraph is new this year. It provides a summarized explanation of generally accepted auditing standards, including the key concepts of "reasonable assurance" and "material misstatement". The third "reservation" paragraph is also new this year. It summarizes the three Reservations contained in my audit opinion, and their effect on the government's financial statements. The fourth paragraph, commonly called the "opinion" paragraph, contains my conclusions about the government's financial statements.

The introduction paragraph. The introduction paragraph begins by listing the financial statements covered by my opinion. It is important to note that my audit opinion relates only to these summary financial statements and related notes contained in Section 2 of Volume I of the Public Accounts of Canada. It does not extend to the more detailed information presented in other sections of the Public Accounts Volume I, or to Volumes II and III.

The introduction paragraph concludes by confirming that the financial statements are the responsibility of the government, and that my responsibility is to express an opinion on them.

The scope paragraph. In this paragraph, I state that my audit work on the government's financial statements has been conducted according to generally accepted auditing standards prescribed by the Canadian Institute of Chartered Accountants. I use these standards to ensure that my audit is conducted with appropriate rigor and professionalism.

The reservation paragraph. This paragraph alerts the reader to the fact that the audit opinion contains Reservations, and summarizes their net effect on the government's financial statements. The individual Reservations follow the opinion paragraph.

The opinion paragraph. The opinion paragraph contains my conclusions about three matters. First, whether the financial statements may be relied on to present fairly the government's financial position, results of operations, changes in financial position and financial requirements. Second, whether the financial statements were prepared in accordance with the government's stated accounting policies. Third, whether the stated accounting policies were applied on the same basis as in the preceding year.

To present information fairly, the financial statements must be free of material misstatement. When determining what constitutes a misstatement, there must be standards against which my judgments can be made. The government's stated accounting policies and certain recommendations of PSAAC are the standards that I have used this year.

Some accounts, such as the allowance for general contingencies and employee pension liabilities, are inherently imprecise. When considering whether misstatements exist in these accounts, I determine a range of values for each that I believe would be reasonable. If the balance of the account as determined by the government falls within my range, I conclude that there is no misstatement.

If I conclude that, in the aggregate, the financial statements are free of material misstatement, I report that information is "presented fairly". If the statements are materially misstated, I add supporting "reservations" to explain why.

In planning my audit of the government's financial statements, I consider two main factors. The first is a dollar figure called "materiality"; the second is the nature and extent of the work required.

Materiality. As discussed above, to present information fairly the financial statements must be free of material misstatement. The concept of materiality is therefore implicit in the phrase "present fairly".

The aggregate of all misstatements is considered material if, in the light of surrounding circumstances, it is probable that the misstatements would change or influence the decision of a person who is relying on the financial statements. In saying this, I assume that the person is someone with reasonable knowledge of the government and its activities. I will include a reservation in my audit opinion if I believe that the aggregate of all misstatements in the financial statements exceeds the materiality levels established.

I planned my audit of the government's 1991 financial statements to detect misstatements that affect the deficit for the year or amounts charged to appropriations if the misstatements aggregate to more than \$600 million. (While this is a large amount in absolute dollars, it represents only one-half of one percent of total expenditure, or two percent of the deficit for the year.) A figure of \$1.2 billion is used for other misstatements, such as those affecting contingent liabilities and other items disclosed in notes to the financial statements.

It should be noted that my audit is designed to detect individual misstatements that are significantly smaller than the aggregate amounts shown above. As a consequence, misstatements considerably less than \$600 million will be identified. Should I believe that any of these would cause readers to be misled, I would request the government to take corrective action. If the misstatement is not corrected, I would also include a reservation in my audit opinion.

The nature and extent of the work required. In conducting my audit, I cannot be 100 percent certain that it will reveal all misstatements in the financial statements that, individually or in the aggregate, may be material. The size and complexity of the government, as well as cost considerations, make it impractical for me to examine all or even most of the approximately \$1.5 trillion-worth of individual transactions entered into during the year.

Generally accepted auditing standards require that I have "reasonable assurance" that my audit will reveal misstatements aggregating to more than the predetermined materiality level. I planned my audit of the government's 1991 financial statements to achieve a high level of overall audit assurance.

To obtain the desired level of assurance, I verified samples of transactions and account balances, performed analyses, confirmed year-end balances with third parties and reviewed significant internal controls. When planning the nature and extent of each of these procedures, I used an overall assurance level of approximately 97 percent.

What this amounts to is exercising professional judgment about how much auditing is required to provide the desired level of assurance to the users of the statements that they can rely on the reported results and not be misled.

Auditing for compliance with Parliamentary authorities. Detailed examinations and verifications of parliamentary authorities to spend, borrow and raise revenues are conducted during comprehensive audits of departments and agencies. The results of this work are included in the applicable chapters of my annual Report to Parliament.

These same authorities are also included in my annual audit of the government's financial statements. However, the authorities are examined and verified to the level of materiality established for auditing the government's overall financial position, results of operations, changes in financial position and financial requirements.

The Work Of PSAAC

It is difficult for those who prepare and audit government financial statements to determine when the statements present information fairly and when they do not. Although progress is being made, there does not yet exist an agreed-upon set of standards for good accounting and reporting practice to help users of government financial statements get the information they need and to help preparors and auditors assess fairness.

In March 1981, the Board of Governors of the Canadian Institute of Chartered Accountants established the Public Sector Accounting and Auditing Committee (PSAAC). The Committee provides a forum for considering the information needs of users, preparers and auditors of government financial statements. It also develops and recommends enhanced accounting principles and disclosure standards for consideration by Canadian governments and their auditors.

The existence of PSAAC does not alter the responsibility of auditors to exercise independent professional judgment when they examine and report on government financial statements. As pointed out by the Committee in the Introduction to its Accounting and Auditing Recommendations, "no rule of general application can be phrased to suit all circumstances or combination of circumstances that may arise, nor is there any substitute for the exercise of professional judgment in the determination of what constitutes fair presentation or good practice in a particular case".

Nonetheless, PSAAC can help auditors to better discharge this responsibility by developing a consensus of appropriate financial reporting practices, to which both governments and auditors can refer when assessing fairness. I support PSAAC and recommend that the government and Members of Parliament support its pronouncements.

As at March 31, 1991, PSAAC had issued six statements on accounting that apply to the federal and provincial governments. In addition, PSAAC has published a research study on the recording and reporting of physical assets.

As explained in Reservations 1 and 2, the financial statements of the government of Canada do not yet comply fully with PSAAC recommendations on employee pensions and the reporting entity.

In addition, the government's financial statements do not comply with PSAAC recommendations requiring:

- disclosure of the government's acquired physical assets on hand and available for use at the end of the year; and,
- a comparison of actual results with those originally forecast by the fiscal plan.

I have not included a reservation in my audit opinion on the government's financial statements because of the failure to implement these two recommendations. PSAAC does not specify an implementation date and I recognize that the government needs time and new systems to develop appropriate disclosure. However, I believe these recommendations are appropriate, and I would expect the government to implement them at the earliest possible date.

The Need For A Concise Annual Financial Report

At present, the government's financial statements are presented in the Public Accounts of Canada, a three-volume set of documents of massive proportions. Users advise that they find this presentation cumbersome and difficult to work with. They want a simpler, more focussed approach to presenting the government's overall numbers. And they want some context for the numbers in plain, non-technical language.

In my view, a comprehensive but concise annual financial report by the federal government would be extremely valuable. It would provide a broad picture and a more complete understanding of the government's activities and resulting financial position and it would serve as a key to the more detailed information the government provides in other financial documents.

In its Eighth Report of 30 June 1987, the Public Accounts Committee endorsed "the need for a succinct annual financial report for parliamentarians and other users of government financial information".

I encourage the government to give serious consideration to presenting its financial statements in such a report.

SECTION 3

1990-91

PUBLIC ACCOUNTS

Budgetary Revenue

CONTENTS

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Revenue from outside parties by main classification	3.3
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NOTE TO USER

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Reader's Survey inserted at the beginning of this volume

BUDGETARY REVENUE

Budgetary revenue consists of all tax and non-tax amounts which affect the annual surplus or deficit of the Government of Canada. Revenue is reported net of refunds and excludes amounts credited to the Canada Pension Plan Account, superannuation accounts, taxes collected on behalf of the provinces and territories, other specified purpose accounts and other liability accounts.

The Government generally reports tax revenue in the year in which it is received and excludes taxes receivable. Refunds are allocated to the year in which the processing cycle for the assessment of the related tax returns has been started.

Tax revenue for a fiscal year includes receipts credited to the Receiver General for Canada by the Bank of Canada and the chartered banks by March 31st and amounts received by federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenue also includes amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

The main factors affecting the flow of tax revenue are variations in economic conditions, changes in statutory tax rates, and changes in the base upon which the statutory tax rates are

applied and taxes calculated. Although a taxpayer's income tax liability relates to a taxation year, collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, sales and excise taxes and duties are received on a regular basis throughout the year.

Non-tax revenue is reported on an accrual basis and reported in the year in which the transaction occurred that gave rise to the revenue.

Revenue, both tax and non-tax, is reported on both a gross and net basis. The difference between gross and net revenue is revenue credited to appropriations and revenue of consolidated Crown corporations. Revenue credited to appropriations consists of two parts — revenue from outside parties and revenue internal to the Government which is generated from transactions between departments within the Government.

Revenue from Outside Parties by Main Classification

Chart A presents net revenue from outside parties by main classification for the current fiscal year while Chart B compares the net revenue from outside parties for the last five fiscal years.

CHART A
TOTAL NET REVENUE FROM OUTSIDE PARTIES
BY MAIN CLASSIFICATION
(in millions of dollars)

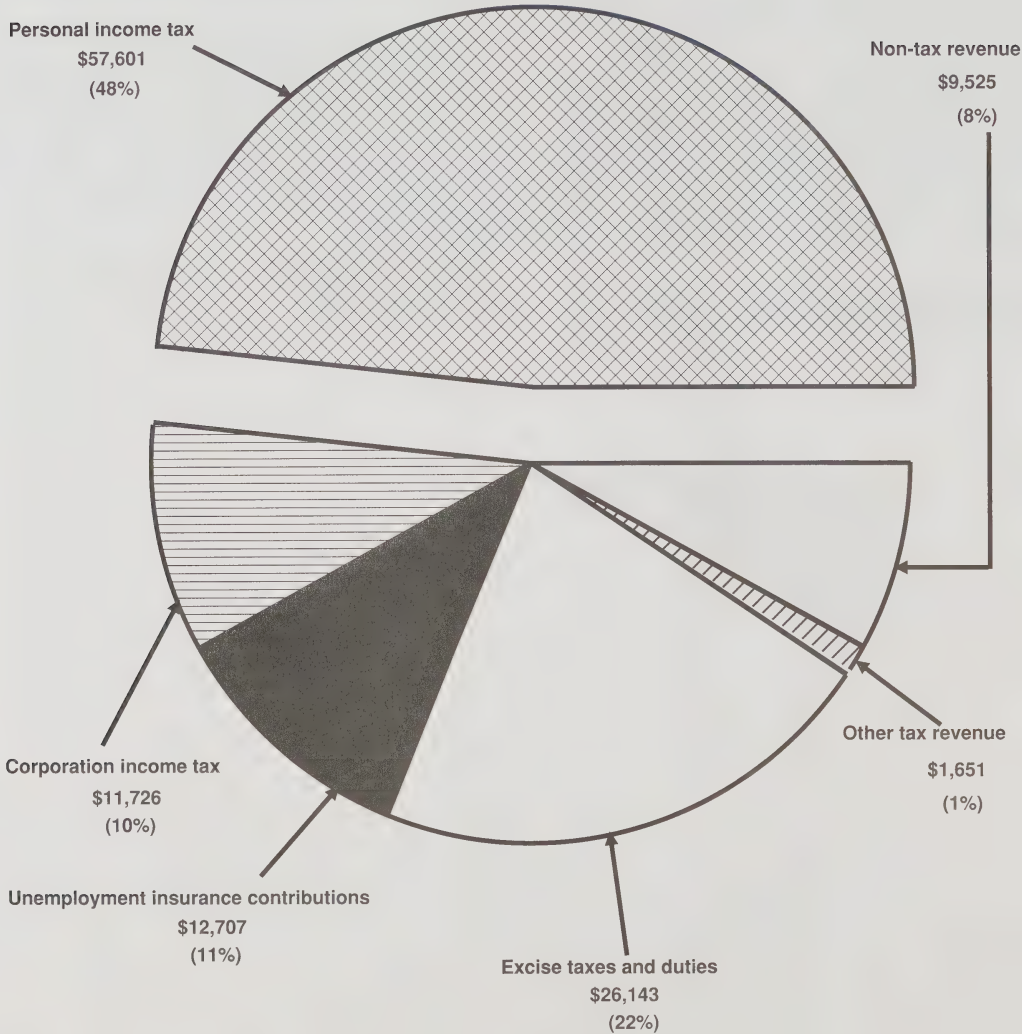


CHART B
TOTAL NET REVENUE FROM OUTSIDE PARTIES

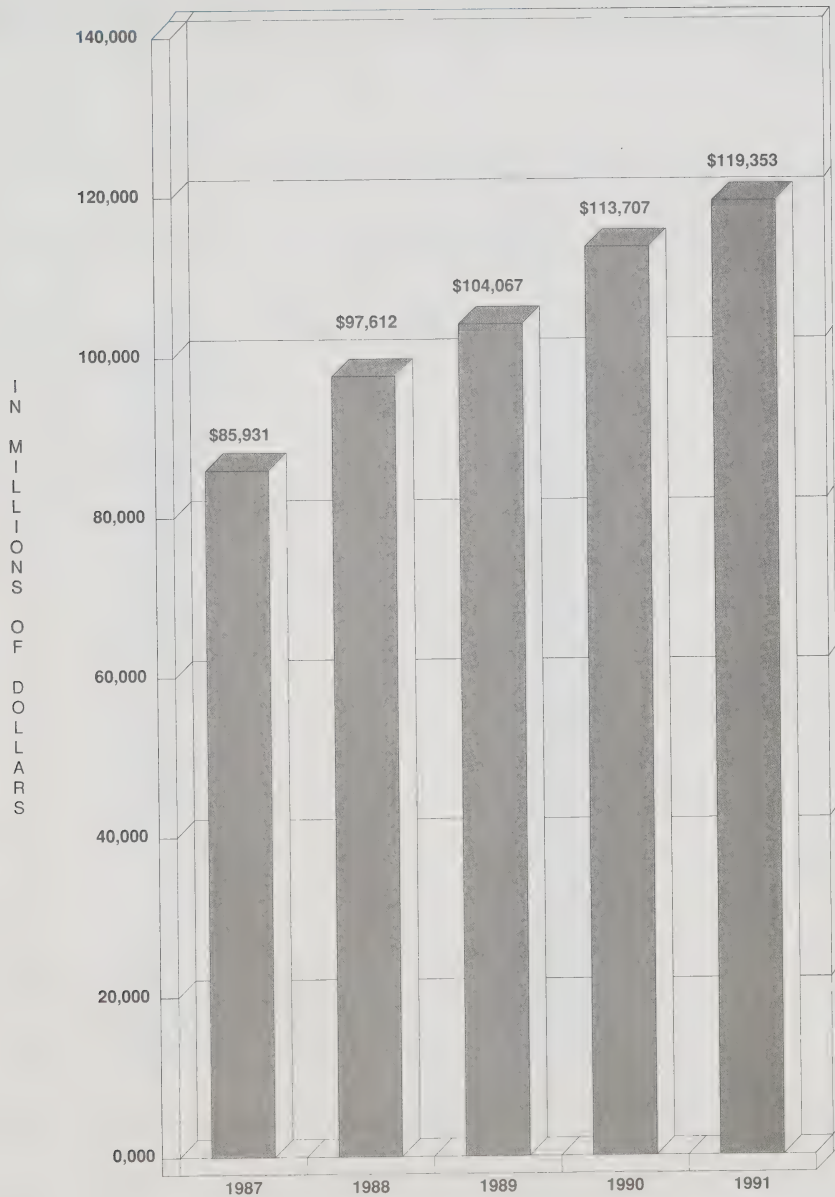


Table 3.1 presents revenue from outside parties by main classification on both a gross and net basis. "Gross revenue" reports all revenue received from outside parties including:

- revenue credited to appropriations where, as authorized by Parliament, certain revenues which are associated with the recovery of certain costs are credited to program spending. In such cases, Parliament votes such funds net of authorized revenue; and,

- revenue of consolidated Crown corporations where, for reporting in the annual financial statements, the financial transactions of certain dependent Crown corporations are included with those of the Government.

"Net revenue" excludes the above two categories. Net revenue represents all budgetary revenue recorded in the accounts of Canada in accordance with the accounting policies of the Government.

TABLE 3.1**REVENUE FROM OUTSIDE PARTIES BY MAIN CLASSIFICATION**

(in millions of dollars)

	1990-91				1989-90	
	Gross revenue ⁽¹⁾	Revenue credited to appropriations	Consolidated Crown corporations ⁽³⁾	Net revenue ⁽¹⁾	Gross revenue ⁽¹⁾	Net revenue ⁽¹⁾
Tax revenue—						
Income tax—						
Personal	57,601			57,601	51,895	51,895
Corporation	11,726			11,726	13,021	13,021
Unemployment insurance contributions	12,707			12,707	10,738	10,738
Non-resident	1,372			1,372	1,361	1,361
	83,406			83,406	77,015	77,015
Excise taxes and duties—						
Goods and services tax	2,574			2,574		
Sales tax	13,630			13,630	17,672	17,672
Customs import duties	4,001			4,001	4,587	4,587
Excise duties	2,146			2,146	2,130	2,130
Other excise taxes and duties	1,808	488		1,320	1,789	1,295
	24,159	488		23,671	26,178	25,684
Energy taxes—						
Excise tax—Gasoline	2,242			2,242	2,154	2,154
Petroleum and gas revenue tax		1		—1	57	57
Excise tax—Aviation gas and diesel fuel	231			231	260	260
	2,473	1		2,472	2,471	2,471
	26,632	489		26,143	28,650	28,155
Other tax revenue	279			279	226	226
Total tax revenue	110,317	489		109,828	105,891	105,396
Non-tax revenue—						
Return on investments, Table 3.3	6,857	26	24	6,807	5,967	5,850
Proceeds from sales	326	200		126	422	216
Refunds of previous years' expenditure	405	1		404	551	547
Privileges, licences and permits	688	304		384	587	345
Services and service fees	1,490	1,241		249	1,400	185
Domestic coinage	111			111	355	355
Other non-tax revenue	2,518	236	838	1,444	1,985	813
	5,538	1,982	838	2,718	5,300	2,461
Total non-tax revenue	12,395	2,008	862	9,525	11,267	8,311
Total revenue⁽²⁾	122,712	2,497	862	119,353	117,158	113,707

(1) Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.

(2) Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

(3) Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

On a day-to-day basis, organizations within the Government transact with each other and, thus, contribute to gross amounts of revenue and expenditure. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.2 provides details of internal revenue transactions and shows the total of revenues from both internal and external

sources. The total gross revenue of \$127,265 million includes the total revenue from all sources. Revenue of consolidated Crown corporations and revenue credited to appropriations are deducted to arrive at net revenue from all sources. This total of \$119,524 million is made up of total ministerial revenue (\$106,533 million) and revenue of consolidated specified purpose accounts (\$12,991 million) as detailed in Volume II, Part I, Table 4a.

TABLE 3.2

REVENUE FROM ALL SOURCES

(in millions of dollars)

	Gross revenue	Less: revenue of consolidated Crown corporations	Less: revenue credited to appropriations		Net revenue
			From outside parties	Internal to the Government	
Transactions with outside parties	122,712	862	2,497		119,353
Internal transactions by main classification—					
Sales tax	64				64
Customs import duties	4				4
Return on investments	8				8
Proceeds from sales	303			293	10
Refunds of previous years' expenditure	19				19
Privileges, licences and permits	3				3
Services and service fees	4,020			4,014	6
Other non-tax revenue	132			75	57
Total internal transactions	4,553			4,382	171
Total revenue	127,265	862	2,497	4,382	119,524

Budgetary Revenue in 1990-91

Total net budgetary revenue in 1990-91 amounted to \$119,353 million. This represents an increase of 5.0%, or \$5,646 million from the level reported for 1989-90. Tax revenue, which accounts for 92% of total revenue, increased by \$4,432 million or 4.2%, while non-tax revenue increased by \$1,214 million or 14.6%.

Tax Revenue

Most of the growth in tax revenue in 1990-91 was concentrated in personal income tax collections and unemployment insurance contributions. However, significantly dampening the impact of the increases in these components on total tax revenue was lower revenues from excise taxes and duties and from corporate income taxes. The transitional costs associated with the replacement of the manufacturer's sales tax with the Goods and Services Tax, effective January 1, 1991, as well as the impact of the Canada-United States Free Trade Agreement, resulted in lower excise taxes and duties, while the recession impacted negatively on corporate income tax revenues.

Personal Income Tax

The personal income tax is levied on personal income under the provisions of the Income Tax Act. Personal income tax is the largest source of federal Government revenue, accounting for nearly 48% of total budgetary revenue in 1990-91.

Personal income tax revenue in 1990-91 amounted to \$57,601 million, an increase of 11.0% or \$5,706 million from 1989-90. This increase was largely due to the continued strength in personal income, which increased by 7.5% in 1990, and the progressivity of the personal income tax system. The growth in personal income, in turn, reflects strength in employment and advances in wages and salaries. Certain tax initiatives announced in the April 1989 budget to reduce the deficit also served to increase personal income tax revenues. These included the repayment of social transfers by higher-income Canadians and the increases in the high-income and general surtaxes. Effective for the 1989 taxation year, higher-income Canadians are required to repay old age security and family allowance benefits at a rate of 15% of individual net income exceeding \$50,000. As this measure is being phased in over three years, the repayments applicable to taxation year 1989 were one-third of the amount payable. As repayments are made at the time of tax filing, this measure first affected personal income tax revenue in fiscal year 1990-91. The April 1989 budget also increased the

general income surtax by 2 percentage points to 5% and introduced an additional surtax on high-income individuals of 3%. As these measures were effective July 1, 1989, the full year fiscal impact was not felt until 1990-91. Finally, personal income tax refunds in 1990-91 were \$0.7 billion lower than in 1989-90. This was largely due to the transitional impact of personal income tax reform. Although most of the personal income tax reform measures became effective January 1, 1988, withholding tables were not adjusted until July 1, 1989, with the result that personal income tax refunds were substantially higher in 1989-90, thereby dampening personal income revenues in that year.

Corporation Income Tax

The corporation income tax is levied on corporation income under the provisions of the Income Tax Act. Corporation income tax revenue amounted to \$11,726 million in 1990-91, a decline of 9.9% from 1989-90. This decline reflected the impact of the recession on corporate profits. Rising unit labour costs and weakening demand have left corporate profit margins at their lowest levels since the 1981-82 recession. Corporate profits have declined steadily since the fourth quarter of 1988 and by the end of 1990 were nearly 50% below their pre-recession peak. The decline in corporate income tax revenue has been proportionally less than the cumulative decline in corporate profits, owing in part to the impact of the base-broadening measures introduced as part of the 1988 Income Tax Reform as well as the introduction in the April 1989 budget of the Large Corporations Tax.

Unemployment Insurance Contributions

Premiums from employees and employers are levied under the provisions of the Unemployment Insurance Act and are classified as part of budgetary revenue. In 1990-91, unemployment insurance contributions increased by 18.3%, to \$12,707 million. This increase primarily reflects the impact of the changes in the financing provisions of the unemployment insurance program, as announced in the April 1989 budget. Effective January 1, 1990, the full cost of the program is financed through employee-employer premiums. Previously, the federal government financed certain components of the program. As a result, premium rates were increased January 1, 1990 (the employee premium rate was increased to \$2.25 per \$100 of insurable earnings for calendar year 1990).

Non-Resident Income Tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the Income Tax Act. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents. Non-resident income tax amounted to \$1,372 million, virtually unchanged from the level recorded in the previous fiscal year.

Excise Taxes and Duties

Excise taxes and duties are collected under the Excise Tax Act and Customs Tariff Act. Excise taxes and duties include the federal manufacturers' sales tax, the Goods and Services Tax which replaced the manufacturers' sales tax on January 1, 1991, customs import duties, energy taxes, and other excise taxes and duties. Excise taxes and duties totalled \$26,143 million, a decline of 7.1% or \$2,012 million. The decline primarily reflects the transitional costs associated with sales tax reform and the phase-out of tariffs under the Canada-United States Free Trade Agreement.

Goods and services tax

The Goods and Services Tax became effective January 1, 1991. Net revenue of \$2,574 million was collected in 1990-91. Goods and Services Tax revenue in 1990-91 was dampened by the impact of certain one-time transitional costs associated with sales tax reform. These transitional costs include the prepayment of the Goods and Services Tax Credit to lower and modest income Canadians in December 1990 and the transitional grant to small business.

Sales tax

On January 1, 1991, the federal manufacturers' sales tax was replaced by the Goods and Services Tax. In addition, sales tax paid on new and unused goods in inventory as of December 31, 1990 is to be rebated. The elimination of the federal manufacturers' sales tax, coupled with the repayment of sales tax paid on new and unused goods in inventory, accounts for the 22.9% decline in sales tax revenue in 1990-91.

Customs import duties

Revenue from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the Customs Tariff Act. In 1990-91, revenues amounted to \$4,001 million, a decline of 12.8% from 1989-90. The decline in

revenue largely reflects the phase-out, starting January 1, 1989, of all bilateral tariffs under the Canada-United States Free Trade Agreement, coupled with remittance changes associated with sales tax reform.

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel. Energy tax revenue totalled \$2,472 million in 1990-91, practically unchanged from the level recorded in 1989-90. The flow of revenue during 1990-91 was affected by the 1-cent-per-litre increase in the excise tax on gasoline and aviation fuel effective January 1, 1990. However, the impact on this increase on energy tax revenue was offset by a decline in consumption.

Other excise taxes and duties

Excise duties are levied on alcoholic beverages (other than wines) and tobacco products. In addition, excise taxes are also imposed on other items such as jewellery, passenger vehicle air conditioners, and telecommunications programming services. Other excise taxes and duties revenue amounted to \$3,466 million, up 1.2% from 1989-90.

Other Tax Revenue

Other tax revenue is comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts. In 1990-91, other tax revenue amounted to \$279 million, up 23.5% from 1989-90.

Non-Tax Revenue

Non-tax revenue consists of return on investments and other non-tax revenue. In 1990-91, such revenues amounted to \$9,525 million, an increase of 14.6% from 1989-90.

Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental income from properties. Return on investments amounted to \$6,807 million, an increase of 16.4% over last year's result. The various components of return on investments are presented in Table 3.3, on both a gross and net basis. Most of the increase in 1990-91 was due to higher profits for the Bank of Canada and the Exchange Fund Account, reflecting the increase in interest rates during 1990-91 and actions by the Bank of Canada to help maintain orderly conditions in the Canadian dollar exchange market.

TABLE 3.3

RETURN ON INVESTMENTS⁽¹⁾ (in millions of dollars)

	1990-91	1989-90
Loans, investments and advances—		
Enterprise Crown corporations—		
Lending institutions—		
Canada Deposit Insurance Corporation	143	172
Canada Mortgage and Housing Corporation	772	822
Export Development Corporation		3
Farm Credit Corporation	230	239
	1,145	1,236
All other enterprise Crown corporations—		
Atomic Energy of Canada Limited	57	59
Canadian National Railway Company	70	15
Petro-Canada	35	
Other—		
Bank of Canada	2,808	2,239
Canada Development Investment Corporation	8	
Canada Ports Corporation	21	2
Canada Post Corporation	67	8
Canadian Dairy Commission	8	9
Montreal Port Corporation	28	9 ⁽²⁾
Quebec Port Corporation	11	
Vancouver Port Corporation	45	23
Miscellaneous	26	90
	3,184	2,454
	4,329	3,690
Provincial and territorial governments	71	74
National governments including developing countries	53	50
Veterans' Land Act Fund—		
Advances	4	5
Joint and mixed enterprises	2	10
Miscellaneous	28	21
	158	160
	4,487	3,850
Foreign exchange accounts—		
Exchange Fund Account	2,258	1,661
International Monetary Fund—Subscriptions	11	11
	2,269	1,672
Cash—		
Interest on bank deposits	285	278
Other accounts—		
Interest on investment re: military purchases	25	29
Government's holdings of unmatured debt	10	5
Supply Revolving Fund	7	8
Interest earned from funds on deposit with suppliers	12	
Accrual of non-tax revenue	-284	11
Other	4	6
	-226	59
Total net return on investments	6,815	5,859
Return on investments internal to the Government	-8	-9
Total net return on investments from outside parties	6,807	5,850
Revenue credited to appropriations from outside parties	26	29
Consolidated Crown corporations	24	88
Total gross return on investments from outside parties	6,857	5,967

(1) Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

(2) Less than \$500,000.

Other Non-Tax Revenue

Other non-tax revenue is comprised of refunds of previous years' expenditure, service fees, privileges, licences and permits, proceeds from the sale of capital assets and current goods and services, domestic coinage, and miscellaneous non-tax revenue. Details are reported by individual ministry in Volume II(Part I) of the Public Accounts. Other non-tax revenue increased by 10.4% to \$2,718 million in 1990-91.

Proceeds from sales (\$126 million) include the sale of goods and Crown assets including products produced by the Government, such as publications and maps, agricultural and manufactured products, net proceeds from the sale of Crown corporations, and other related items.

Refunds of previous years' expenditure (\$404 million) largely relates to recoveries of items paid out of or charged to prior years' appropriations, such as refunds and repayments of contributions.

Privileges, licences and permits (\$384 million) include the proceeds from the sale of regulated privileges such as licences, registrations and permits for hunting, fishing, timber, business

ventures, rentals of public buildings, leasing and royalties, citizenship registration, and other related charges.

Services and service fees (\$249 million) include charges for certain services provided by the Government such as application, filing, and registration fees, recoveries of hospital and medical costs from provincial hospital plans and other sources, along with other related items.

Domestic coinage (\$111 million) relates to the gross proceeds from the sale of domestic coinage through the Department of Finance. Costs are reported as expenditure of the Department.

Miscellaneous non-tax revenue (\$1,444 million) includes a diverse number of items including revenues arising from contributions of programs or recoveries of costs from provinces; seizures, forfeitures, fines and penalties under various statutes and programs; contributions to retirement plans by judges and senators; principal and interest repayments on Canada student loans; and write-off of cheques which were not claimed, among others.

SECTION 4

1990-91

PUBLIC ACCOUNTS

Budgetary Expenditure

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BUDGETARY EXPENDITURE

Budgetary expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. Such charges include transfer payments made to individuals, other levels of government and businesses, the costs of goods and services received and the costs of capital acquired during the course of the year and in the supplementary period including accounts payable at year end. In addition, budgetary expenditure also includes provisions for the valuation of loans, investments and advances, for borrowings of enterprise Crown corporations, which are agents of the Crown, and for other obligations related to statutory items and annual appropriations. As well, expenditures of certain specified purpose accounts, such as the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Re-insurance Fund, the Agricultural Commodities Stabilization Accounts, are also included. Budgetary expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, and other specified purpose and liability accounts.

Expenditure with Outside Parties by Type

Chart A presents the total net expenditure with outside parties by type for the current fiscal year, while Chart B compares the total net expenditure with outside parties for the last five fiscal years.

Table 4.1 presents expenditure with outside parties by type. The table is presented on both a gross and a net basis. The difference between gross and net expenditure is revenue credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

In this table, expenditure with outside parties represents expenditure incurred as a result of transactions with organizations and individuals outside the Government of Canada as a reporting entity. The Government of Canada as a reporting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to budgetary expenditure, rather than budgetary revenue, where such authority has been granted by Parliament, and revenue of consolidated Crown corporations credited to expenditure.

Total net expenditure represents all budgetary expenditure recorded in the accounts of Canada in accordance with the accounting policies of the Government. Total gross expenditure is derived by adding to total net expenditure the revenue credited to appropriations and the revenue of consolidated Crown corporations credited to expenditure.

CHART A
TOTAL NET EXPENDITURE
WITH OUTSIDE PARTIES BY TYPE
(in millions of dollars)

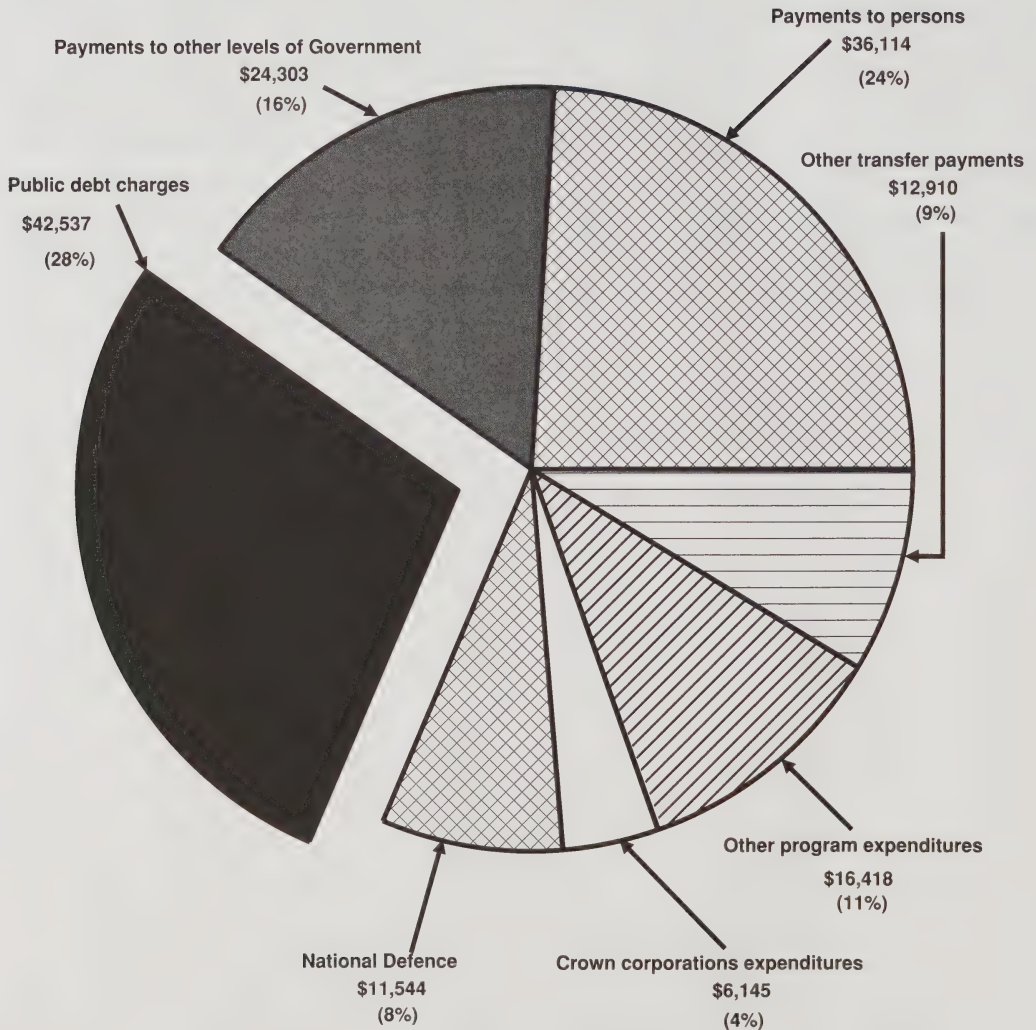


CHART B
TOTAL NET EXPENDITURE
WITH OUTSIDE PARTIES

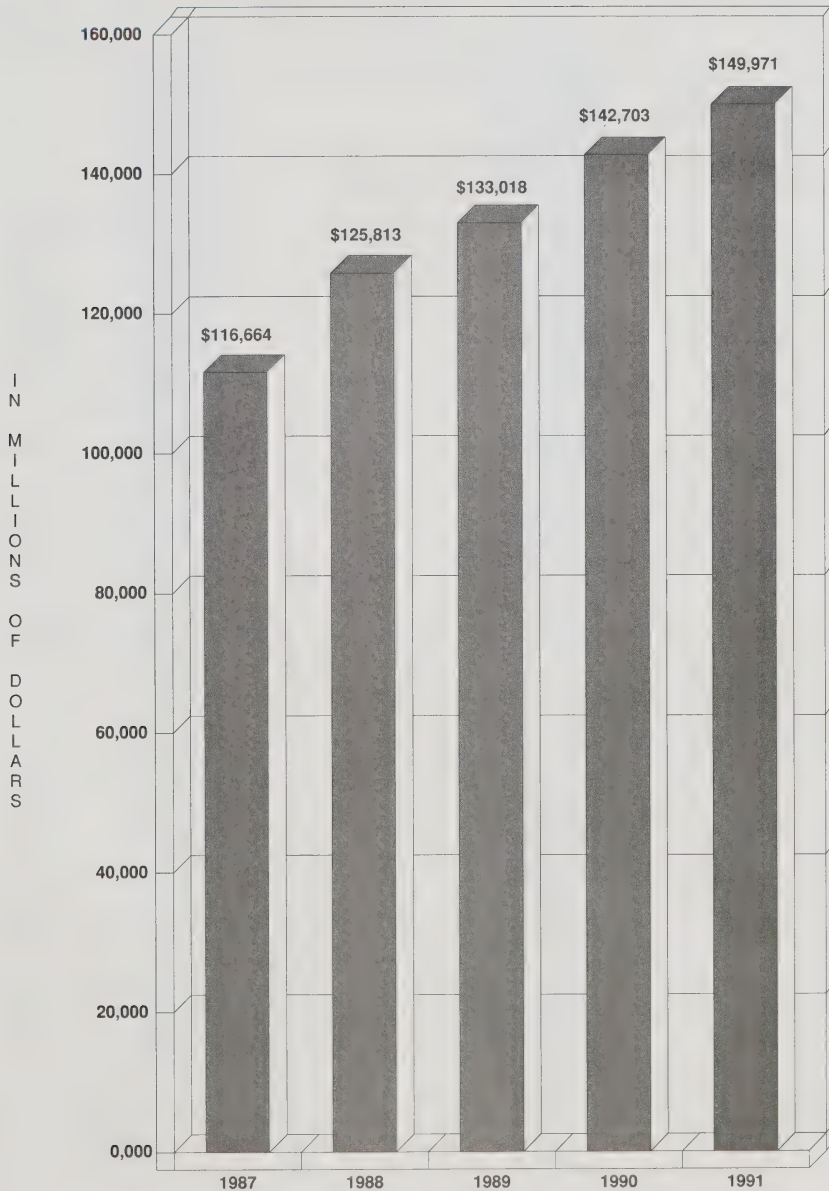


TABLE 4.1
EXPENDITURE WITH OUTSIDE PARTIES BY TYPE
(in millions of dollars)

	1990-91				1989-90	
	Gross expenditure ⁽¹⁾	Revenue credited to appropriations	Consolidated Crown corporations ⁽³⁾	Net expenditure ⁽¹⁾	Gross expenditure ⁽¹⁾	Net expenditure ⁽¹⁾
Transfer payments —						
To persons —						
Old age security benefits, guaranteed income supplements and spouses' allowances	17,131			17,131	16,154	16,154
Unemployment insurance benefits	14,665			14,665	11,694	11,694
Family allowances	2,736			2,736	2,653	2,653
Other	1,582			1,582	1,543	1,543
	36,114			36,114	32,044	32,044
To other levels of government —						
Fiscal arrangements	8,280			8,280	8,653	8,653
Insurance and medical care services	6,033			6,033	6,663	6,663
Canada Assistance Plan	5,788			5,788	5,006	5,006
Education support	1,861			1,861	2,166	2,166
Other	2,341			2,341	2,643	2,643
	24,303			24,303	25,131	25,131
Other transfer payments —						
Foreign aid	2,307			2,307	2,768	2,768
Indians and Inuit	2,311			2,311	2,035	2,035
Job creation and labour force adjustment	1,719			1,719	1,671	1,671
Regional and industrial development	707			707	831	831
Agricultural programs	1,099			1,099	1,412	1,412
Science and technology	1,461			1,461	1,455	1,455
Other	3,306			3,306	3,328	3,328
	12,910			12,910	13,500	13,500
Total transfer payments	73,327			73,327	70,675	70,675
Crown corporations expenditures	7,007		862	6,145	6,569	5,581
Other program expenditures—						
Agriculture	796	16		780	723	708
Communications	454	23		431	517	488
Employment and Immigration	532			532	490	490
Environment	1,025			1,025	902	902
External Affairs	1,069	32		1,037	984	954
Industry, Science and Technology	1,181	33		1,148	977	946
National Defence	11,891	347		11,544	11,206	10,859
National Health and Welfare	1,080	65		1,015	922	865
National Revenue	2,154	53		2,101	1,702	1,655
Public Works	1,209	227		982	1,123	827
Solicitor General	2,836	535		2,301	2,608	2,099
Transport	2,398	1,056		1,342	2,427	1,419
Other	3,834	110		3,724	5,509	5,415
Total other program expenditures	30,459	2,497		27,962	30,090	27,627
Total program expenditures	110,793	2,497	862	107,434	107,334	103,883
Public debt charges	42,537			42,537	38,820	38,820
Total expenditure ⁽²⁾	153,330	2,497	862	149,971	146,154	142,703

⁽¹⁾ Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.

⁽²⁾ Additional information is provided in Table 2a in Section 1 of Volume II (Part I).

⁽³⁾ Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenue and expenditure recorded in the accounts. In preparing the financial statements, these "internal transac-

tions" are eliminated so as to report on the basis of transactions with outside parties only. Table 4.2 provides details of internal expenditure transactions and shows the total of expenditures transacted by the Government with all sources.

TABLE 4.2
EXPENDITURE BY SOURCE
(in millions of dollars)

	Gross expenditure	Less: revenue of consolidated Crown corporations	Less: revenue credited to appropriations		Net expenditure
			From outside parties	Internal to the Government	
Transactions with outside parties	153,330	862	2,497		149,971
Internal transactions —					
National Defence	65			14	51
External Affairs	20			1	19
Indian Affairs and Northern Development					
Transport	186			157	29
Employment and Immigration	7			7	
Agriculture					
Public Works	2,901			2,917	-16
Industry, Science and Technology	30			24	6
Solicitor General	59			49	10
Other	1,285			1,213	72
Total internal transactions	4,553			4,382	171
Total expenditure	157,883	862	2,497	4,382	150,142

Budgetary Expenditure in 1990-91

Total net budgetary expenditure with outside parties in 1990-91 amounted to \$149,971 million. This represents an increase of 5.1% from the level of \$142,703 million reported in 1989-90. Most of the increase in total net expenditure of \$7,268 million, between 1989-90 and 1990-91, was concentrated in two major components--- transfers to persons up \$4,070 million and public debt charges up \$3,717 million. In contrast, declines were recorded in transfers to other levels of government and in other transfer payments.

Public debt charges, which account for 28% of total net expenditure, increased by 9.6%, to \$42,537 million in 1990-91. This is the first year since 1987-88 that the annual growth in public debt charges has been less than 10%. The increase in public debt charges reflects the compounding effect of interest rates on the increasing stock of debt. Although interest rates peaked in May 1990 and have recorded significant declines since then, the average interest rate on outstanding government debt continued to increase in 1990-91 and, this coupled with an increase in the stock of debt, resulted in higher public debt charges.

Total program spending---that is, Government spending excluding public debt charges--- advanced 3.4%. This is identical to the growth in gross domestic product, but well below the

inflation rate of 4.8%. The increase in program spending primarily reflects the impact of the recession on the cyclically-sensitive components of program spending, especially unemployment insurance benefits and Canada Assistance Plan transfers. Significantly dampening the impact of these factors on program spending was the effect of the various restraint measures that the Government has introduced since November 1984. These measures include the phasing-out and reduction of various expenditure programs, limits on indexation, and reductions in the number of person-years, along with other measures to control operating costs. Fiscal year 1990-91 was the first year of the Expenditure Control Plan. This Plan is a comprehensive two-year approach to expenditure control, which effectively controls about 60% of all government spending on programs. The major programs exempt from the Plan include federal transfers to persons (elderly benefits, veterans' pensions and allowances, and unemployment insurance benefits) and certain major federal transfers to provinces (Equalization and Canada Assistance Plan transfers to equalization-receiving provinces).

The largest component of program spending---transfers to persons---advanced by 12.7% in 1990-91, primarily attributable to the surge in unemployment insurance benefits as a result of the recession. Unemployment insurance benefits were

up 25.4%, with about two-thirds of the increase attributable to advances in the number of beneficiaries, primarily in Ontario, and the remainder due to increases in the average weekly benefit rate. Among the other programs within major transfers to persons, elderly benefit payments were up 6.0%, reflecting increases in both average benefits, which are indexed to quarterly changes in the consumer price index, and the eligible population base.

Direct cash transfers to other levels of government declined between 1989-90 and 1990-91 as increases in Canada Assistance Plan transfers were offset by lower direct cash transfers under both the Established Programs Financing (EPF) and equalization programs. Under the Canada Assistance Plan, the federal government provides funds to provinces and territories to help them pay for certain social assistance benefits and services. Prior-year adjustments, especially to Ontario, as well as increased caseloads due to the economic environment, have resulted in these transfers increasing by 15.6% in 1990-91. Although the February 1990 budget capped the growth in these transfers to Ontario, Alberta, and British Columbia at 5% in 1990-91, the cap was not enforced pending the Supreme Court ruling on the provincial challenge to this measure. Cash transfers under Established Programs Financing (EPF) declined, due to the Expenditure Control Plan announced in the February 1990 budget, which held per capita EPF transfers constant at the 1989-90 levels. As a result, total EPF entitlements increased by only 1.1% in 1990-91. EPF entitlements are paid in the form of tax point transfers and cash and, as the value of tax transfers is unaffected by this measure, this restraint initiative impacts only on cash transfers and accounts for the 10.6% decline in cash transfers. Fiscal arrangements, consisting primarily of equalization transfers to lower-income provinces, also declined in 1990-91. However, the decline resulted from the inclusion of large one-time payments in 1989-90 relating to underpayments in previous years, as overall entitlements under this program were up 4.6% in 1990-91.

Other transfers include foreign aid, assistance in the stabilization of market prices for commodities, the development of new technologies, research, the establishment of new jobs through training, and the promotion of educational and cultural activities. Other transfer payments declined by 4.4% due to declines in grants and contributions for regional and industrial development and agriculture. The decline in regional and industrial development transfers reflects a lower take-up due to the recession, while the decline in agricultural transfers was primarily due to the timing of payments as well as the impact of new cost-sharing programs with the provinces. In contrast, increases were recorded in grants and contributions to Indian and Inuit peoples, assistance to developing countries, and to job creation and training programs.

Crown corporation expenditures were up 10.1% in 1990-91, reflecting increased transfers to the Canada Mortgage and Housing Corporation and higher liabilities with respect to losses incurred by enterprise corporations. Transfers to VIA Rail and Canada Post Corporation were lower, reflecting the impact of past restraint measures.

Other program expenditures include defence spending on operations and capital, as well as government administration and specific services delivered to the public, such as:

- health care to natives and veterans;
- research undertaken by government employees;
- the operation of airports and national parks;
- the operation of federal correctional institutions; and,
- the provision of police services.

Other program expenditures increased by 1.2% in 1990-91. Within this component, defence expenditures increased by 6.3% while all other departmental operating and capital spending declined by 7.1%. The increase in defence spending reflects the formula-funded nature of this program and the incremental funding provided to cover costs associated with activities related to the hostilities in the Gulf. Spending on other government operations remained restrained in 1990-91 due to the ongoing restraint measures introduced in past budgets and specific reduction initiatives undertaken in 1990-91 to fund the incremental costs associated with the Gulf hostilities. In addition, adjustments to the allowance for the actuarial liability for employee pensions, due to both the revisions in economic assumptions and the wage strategy announced in the February 1991 budget, also impacted on the growth in this component. Dampening the impact of these factors on other program expenditures were increased funding for National Revenue to implement the Goods and Services Tax, along with higher unemployment insurance administrative costs due to the increase in the number of beneficiaries.

SUPPLEMENTARY STATEMENTS

Public Debt Charges

Public debt charges include interest on unmatured debt (including Canada Savings Bonds, marketable bonds, and Treasury bills), on specified purpose accounts and other accounts, costs of issuing new loans, amortization of bond discounts, premiums and commissions, and the costs of servicing the public debt.

Of the increase of \$3,717 million in public debt charges in 1990-91, nearly three-quarters is commensurate with an increase in unmatured debt, which rose from \$294,562 million at March 31, 1990 to \$323,903 million at March 31, 1991. Most of the remaining increase in public debt charges relates to increased interest costs on specified purpose accounts, most notably on the superannuation accounts.

A comparative summary of public debt charges is presented in Table 4.3. The table also discloses the reconciling item between total public debt charges as reported in the Finance ministerial section (Section 10) of Volume II (Part I) and the total net expenditure of the public debt as per Table 4.1. The reconciling item includes the expenditure of the consolidated specified purpose accounts.

TABLE 4.3
PUBLIC DEBT CHARGES⁽¹⁾
(in millions of dollars)

	1990-91	1989-90
Unmatured debt—		
Marketable bonds—		
Payable in Canadian currency	14,479	13,045
Payable in foreign currencies	297	372
	14,776	13,417
Canada savings bonds	4,275	4,857
Special non-marketable bonds—		
Canada Pension Plan Investment Fund	346	307
Treasury bills	15,118	12,905
Notes and loans—		
Payable in foreign currencies	3	104
Canada bills	74	84
Servicing costs and costs of issuing new loans	44	71
Total public debt charges related to unmatured debt	34,636	31,745
Specified purpose accounts—		
Superannuation accounts	7,118	6,373
Government Annuities Account	60	62
Canada Pension Plan Account	403	356
Deposit and trust accounts	205	179
Other	3	3
Total public debt charges related to specified purpose accounts	7,789	6,973
Consolidated specified purpose accounts—		
Unemployment Insurance Account	223	91
Western Grain Stabilization Account	2	2
Agricultural Commodities Stabilization Accounts	12	8
Other	18	16
Total public debt charges related to consolidated specified purpose accounts	255	117
Total public debt charges related to other accounts	112	102
Total public debt charges ⁽²⁾	42,792	38,937
Less:		
Total public debt charges related to consolidated specified purpose accounts	255	117
Total net/gross public debt expenditure with outside parties	42,537	38,820

(1) Additional details are provided in Table 2a in Section 1 of Volume II (Part I).

(2) Additional details are provided in Section 8 of Volume II (Part II).

Expenditure under Statutory Authority

The spending authority provided by statutory authority is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than two-thirds of the total net expenditure each year.

Table 4.4 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items between total ministerial expenditure under statutory authority and total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Revenue credited to appropriations from outside parties has been added to the total net statutory expenditure with outside parties to obtain the total gross statutory expenditure with outside parties.

Five programs account for over eighty-five per cent of the total spending under total gross statutory expenditures with outside parties. These are:

- public debt charges;
- unemployment insurance benefits;
- pension payments to the elderly, including old age security payments, guaranteed income supplement payments, and spouse's allowance payments;
- federal-provincial fiscal arrangements and public utilities; and,
- Established Programs Financing transfers, including payments for hospital insurance, medical care and extended health care services and post-secondary education payments to provinces and territories.

TABLE 4.4
EXPENDITURE UNDER STATUTORY AUTHORITY
(in millions of dollars)

	1990-91	1989-90
Public debt charges	42,792	38,937
Old age security payments	12,781	11,818
Federal-provincial fiscal arrangements and public utilities	8,300	8,128
Payments for hospital insurance, medical care and extended health care services	6,033	6,663
Canada Assistance Plan payments	5,967	4,885
Guaranteed income supplement payments	3,928	3,873
Family allowance payments	2,736	2,654
Government's contribution to the Unemployment Insurance Account	1,549	2,423
Post-secondary education payments to provinces and territories	1,862	2,166
Payments to railway companies under the Western Grain Transportation Act	645	569
Spouse's allowance payments	421	462
Interest payments, liabilities under the Canada Student Loans Act	442	408
Grants to municipalities and other taxing authorities	302	284
Reciprocal taxation	247	319
Payments to the provinces under the Public Utilities Income Tax Transfer Act	236	280
Contributions to the provinces under the Crop Insurance Act	220	51
Superannuation, supplementary retirement benefits, death benefits and other pensions—		
Public Service—		
Government's matching contribution to the Public Service Superannuation Account	478	426
Statutory payments under the Supplementary Retirement Benefits Act	602	561
Government's contribution as employer to the Unemployment Insurance Account	229	186
Government's matching contribution to the Canada and the Quebec Pension Plans	153	137
Government's matching contribution to the Supplementary Retirement Benefits Account	96	90
Government's matching contribution to the death benefit account	7	8
	1,565	1,408
Less: recoveries from revolving funds	99	94
	1,466	1,314
Canadian Forces—		
Government's matching contribution to the Canadian Forces Superannuation Account	288	270
Statutory payments under the Supplementary Retirement Benefits Act	413	376
Government's contribution as employer to the Unemployment Insurance Account	80	67
Government's matching contribution to the Canada and the Quebec Pension Plans	52	47
Government's matching contribution to the Supplementary Retirement Benefits Account	32	30
Government's matching contribution to the death benefit account	3	2
	868	792
Royal Canadian Mounted Police—		
Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account	93	71
Statutory payments under the Supplementary Retirement Benefits Act	32	29
Government's contribution as employer to the Unemployment Insurance Account	18	15
Government's matching contribution to the Canada and the Quebec Pension Plans	13	10
Government's matching contribution to the Supplementary Retirement Benefits Account	9	9
	165	134
All other statutory expenditures	1,316	2,271
Total ministerial expenditure under statutory authority ⁽¹⁾	92,276	88,431

TABLE 4.4
EXPENDITURE UNDER STATUTORY AUTHORITY— *Concluded*
(in millions of dollars)

	1990-91	1989-90
Consolidated specified purpose accounts—		
Unemployment Insurance Account	13,502	9,740
Western Grain Stabilization Account	-37	-236
Crop Reinsurance Fund	430	96
Agricultural Commodities Stabilization Accounts	-8	418
Other	-7	(2)
Total expenditure of consolidated specified purpose accounts	13,880	10,018
Provision for valuation	-1,725	715
Total net statutory expenditure with outside parties	104,431	99,164
Revenue credited to appropriations from outside parties	356	418
Total gross statutory expenditure with outside parties	104,787	99,582

(1) Additional details are provided in Table 7 in Section 1 of Volume II (Part I).

(2) Less than \$500,000.

Transfer Payments

The transfer payments information presented in Note 5 to the audited financial statements of the Government of Canada in Section 2 of this volume are presented in more detail in the

following table. This table shows payments exceeding \$300 million.

TABLE 4.5

TRANSFER PAYMENTS BY TYPE OF TRANSFER

(in thousands of dollars)

	1990-91	1989-90
Payments to persons—		
Old age security— ⁽¹⁾		
Old age security benefits	12,781,212	11,818,257
Guaranteed income supplements	3,928,392	3,873,311
Spouses' allowances	421,212	462,162
	<i>17,130,816</i>	<i>16,153,730</i>
Unemployment Insurance Account payments ⁽¹⁾	14,406,685	11,690,216
Family allowances (including youth) ⁽¹⁾	2,736,016	2,653,506
Veterans benefits—		
Pensions to veterans of World Wars I and II	981,968	897,789
Other	600,163	643,255
	35,855,648	32,038,496
Payments to other levels of government—		
Fiscal arrangements	8,547,021	8,447,620
Canada Health Act—		
Extended health care services ⁽¹⁾	1,324,185	1,345,798
Insured health services ⁽¹⁾	4,708,847	5,317,324
	<i>6,033,032</i>	<i>6,663,122</i>
Canada Assistance Plan payments ⁽¹⁾	5,966,926	4,885,271
Post-secondary education adjustment payments ⁽¹⁾	1,861,531	2,166,079
Payments to territories for operating expenditures	1,170,418	1,115,343
Grants in lieu of taxes	337,961	314,082
Other	1,292,466	806,277
	25,209,355	24,397,794
Other transfer payments—		
Payments to enterprises—Subsidies and capital assistance—		
Payments under the Western Grain Transportation Act	644,937	576,953
Payments under industrial and regional development	316,526	440,752
Payments to producers for commodities under the Agricultural Stabilization Act	345,020	410,363
Other	1,544,863	1,910,647
	2,851,346	3,338,715
Payments to or on behalf of international organizations and foreign countries—		
Purchase of goods for development assistance	390,497	412,677
International food aid program	370,232	366,654
Payments to United Nations and related organizations	530,110	358,233
Contributions to Canadian non-government organizations	366,897	325,203
Purchase of services for development assistance	333,931	321,007
Other	709,723	1,492,369
	2,701,390	3,276,143
Payments to non-profit institutions and organizations—		
Assistance to encourage employment	725,370	684,467
Miscellaneous payments—		
Payments to native peoples and associations	2,036,817	1,809,838
Pensions to government employees	418,420	382,065
Grants and scholarships in aid of research	682,305	571,383
Other	3,280,437	3,604,236
	6,417,979	6,367,522
Total other transfers	12,696,085	13,666,847
Total transfer payments⁽²⁾	73,761,088	70,103,137

⁽¹⁾ An analysis by province is shown in Table 4.6 for these transfer payments.

⁽²⁾ The provision for valuation has not been included in this table.

Details of Transfer Payments by Province

Table 4.6 presents an analysis by province of selected important transfer payments. Except for unemployment insurance,

more details can be found in Section 7 of Volume II (Part II) of the Public Accounts.

TABLE 4.6

SELECTED IMPORTANT TRANSFER PAYMENTS BY PROVINCE

(in thousands of dollars)

	Transfers to persons			Transfers to provinces, territories and municipalities			
	Old age security ⁽¹⁾	Family allowances	Unemployment insurance ⁽²⁾	Extended health care services	Post secondary education	Canada-Assistance Plan	Insured health services
Newfoundland	386,933	66,188	868,771	28,609	53,672	118,960	129,857
Prince Edward Island	369,827	66,775	834,345	29,217	57,109	101,040	137,296
.....	107,591	14,358	159,924	6,480	12,149	28,729	29,616
.....	103,681	14,179	154,468	6,676	13,182	23,881	31,451
Nova Scotia	682,226	90,974	661,015	44,216	83,371	189,089	201,651
.....	652,614	89,615	576,844	45,457	88,870	157,186	213,697
New Brunswick	546,826	76,604	695,799	36,046	67,835	173,743	164,133
.....	519,527	75,985	639,078	36,831	72,019	158,936	173,129
Quebec	4,512,264	664,388	4,545,541	337,962	308,952	1,264,577	850,407
.....	4,240,385	646,046	3,781,763	343,157	366,040	1,106,377	958,496
Ontario	5,882,920	981,716	4,004,380	484,992	600,510	2,474,771	1,556,663
.....	5,535,470	947,635	2,612,685	491,279	755,152	1,761,467	1,860,546
Manitoba	805,530	117,738	409,892	54,295	101,950	227,057	248,382
.....	772,071	115,596	373,474	55,577	109,617	194,497	261,592
Saskatchewan	780,373	115,337	314,669	50,014	93,949	158,845	227,414
.....	747,669	114,527	300,724	51,820	107,466	152,857	256,448
Alberta	1,206,599	282,989	951,139	121,960	242,239	554,009	582,586
.....	1,131,844	272,041	866,179	125,007	262,967	513,187	626,943
British Columbia	2,109,868	313,795	1,743,556	155,611	289,636	748,881	700,347
.....	1,985,338	299,643	1,504,991	156,727	325,972	693,782	779,498
Total provinces	17,021,130	2,724,087	14,354,686	1,320,185	1,854,263	5,938,661	4,691,056
.....	16,058,426	2,642,042	11,644,551	1,341,748	2,158,394	4,863,210	5,299,096
Northwest Territories	12,209	8,723	24,119	2,712	4,682	22,230	11,536
.....	11,530	8,375	20,147	2,742	5,168	16,859	12,394
Yukon Territory	6,105	3,206	24,272	1,288	2,586	6,035	6,255
.....	5,680	3,089	22,900	1,308	2,517	5,202	5,834
International	91,372		3,608				
.....	78,094		2,618				
Total	17,130,816	2,736,016	14,406,685	1,324,185	1,861,531	5,966,926	4,708,847
.....	16,153,730	2,653,506	11,690,216	1,345,798	2,166,079	4,885,271	5,317,324

Amounts in roman type are 1990-91 transfer payments.

Amounts in *italic* type are 1989-90 transfer payments.

⁽¹⁾ Includes guaranteed income supplements and spouses' allowances.

⁽²⁾ Includes fishermen's benefits.

SECTION 5

1990-91

PUBLIC ACCOUNTS

Consolidated Accounts

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NOTE TO USER

It would be appreciated if you could complete and return the **Reader's Survey** inserted at the beginning of this volume

CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations.

Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue. Crown corporations are defined to include either parent Crown corporations or wholly-owned subsidiaries. A wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations.

Consolidation involves the combination of the accounts of the corporations described in the preceding paragraph on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

Summary Financial Statements of Consolidated Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 5.1 and 5.2 summarize the financial transactions and results of operations of each consolidated Crown corporation in accordance with its own respective accounting policies. Most consolidated Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpended portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expended as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between those relating to outside parties, Government and other Crown corporations as well as other adjustments and dividends paid to outside parties. These adjustments may increase or reduce the amount of income accruing to the Government. Equity transactions with the Government include dividends declared, transfers of profits to the Government and non-current financial assistance provided by the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting.

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. Volume III of the Public Accounts includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 5.3 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1991.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1991 is provided in Table 5.5. Differences in figures reported in Table 5.2 and those reported in Table 5.5 result from the use of different accounting policies and from items in transit.

TABLE 5.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS -- ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	Assets			
	Financial	Government and other Crown corporations	Physical assets and deferred charges	Total of assets
Crown corporations ⁽¹⁾	Outside			
Atomic Energy of Canada Limited	805,700	118,197	33,270	957,167
Canada Council	79,919	37,227	16,575	133,721
Canada Harbour Place Corporation ⁽⁶⁾	639	32	64,995	65,666
Canada Lands Company Limited				
Canada Lands Company (Mirabel) Limited	572			572
Canada Lands Company (Vieux-Port de Québec) Inc	513			513
Old Port of Montreal Corporation Inc	5,940	197	12	6,149
Canada Mortgage and Housing Corporation				
Minister's Account				
Canada Museums Construction Corporation Inc ⁽⁶⁾	3,571	2,767		6,338
Canadian Broadcasting Corporation	82,033	69,440	868,352	1,019,825
Canadian Dairy Commission				
Dairy Support Operation Financed by the Government of Canada				
Canadian Film Development Corporation	5,509	11,922	3,404	20,835
Canadian Institute for International Peace and Security	1,684		321	2,005
Canadian Livestock Feed Board	83	1,796		1,879
Canadian Museum of Civilization ⁽⁵⁾	133	9,235	14,304	23,672
Canadian Museum of Nature ⁽⁵⁾	101	2,975	2,684	5,760
Canadian National (West Indies) Steamships Limited ⁽²⁾⁽³⁾	1,574	95		1,669
Canadian Patents and Development Ltd ⁽⁶⁾	1,376	3	17	1,396
Canertech Inc ⁽⁴⁾				
Defence Construction (1951) Limited	1,830	185	429	2,444
Enterprise Cape Breton Corporation	4,386	1,370	12,919	18,675
Harbourfront Corporation ⁽⁶⁾	15,848	672	4,281	20,801
International Centre for Ocean Development	1,865	854		2,719
International Development Research Centre	18,507	265	5,914	24,686
Jacques Cartier and Champlain Bridges Incorporated, The	655	6,873	15,976	23,504
Marine Atlantic Inc	13,614	32,556	417,442	463,612
Mingan Associates, Ltd ⁽³⁾⁽⁶⁾			355	355
National Arts Centre Corporation	2,211	58	5,948	8,217
National Capital Commission	13,366	2,807	334,726	350,899
National Gallery of Canada ⁽⁵⁾	649	11,844	10,225	22,718
National Museum of Science and Technology ⁽⁵⁾	29	4,885	6,201	11,115
Standards Council of Canada	932	619	535	2,086
VIA Rail Canada Inc	58,643	88,881	753,755	901,279
Total consolidated corporations	1,121,882	405,755	2,572,640	4,100,277
Conversion to the Government accounting basis for consolidation purposes	349	1,087	2,572,640	2,574,076
Total on the Government accounting basis	1,121,533	404,668		1,526,201

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the following: Canada Lands Company (Mirabel) Limited, Canada Lands Company (Vieux-Port de Québec) Inc., Old Port of Montréal Corporation Inc., Canertech Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

⁽²⁾ On October 20, 1985, an Act procuring the dissolution of certain Crown corporations authorized the Minister responsible for Canadian National (West Indies) Steamships Ltd, to dissolve the Corporation.

⁽³⁾ The Corporation is inactive.

⁽⁴⁾ Canertech Inc. was dissolved on November 2, 1990.

⁽⁵⁾ The Canadian Museum of Civilization, Canadian Museum of Nature, National Gallery of Canada and National Museum of Science and Technology commenced operations on July 1, 1990.

⁽⁶⁾ Bill C-8, an Act to provide the dissolution or transfer of certain Crown corporations was passed by the House of Commons on May 23, 1991. The Act authorizes the appropriate ministers of: Canada Harbour Place Corporation, Canada Museums Construction Corporation Inc., Canadian Patents and Development Limited, Canadian Livestock Feed Board, Harbourfront Corporation and Mingan Associates Ltd. to dissolve and/or transfer the shares of the abovementioned corporations. All these corporations have been deleted from Part I of Schedule III of the Financial Administration Act.

Liabilities					
Outside parties		Government and other Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
17,611	162,939	556,260	736,810	220,357	957,167
	26,108	440	26,548	107,173	133,721
	424		424	65,242	65,666
	69	503	572		572
	2	308	310	203	513
	6,112	37	6,149		6,149
	6,614		6,614	-276	6,338
	326,935	41,414	368,349	651,476	1,019,825
	5,783		5,783	15,052	20,835
	325		325	1,680	2,005
	2,258		2,258	-379	1,879
	11,234	1,555	12,789	10,883	23,672
	4,385	610	4,995	765	5,760
	14	324	338	1,331	1,669
	430		430	966	1,396
	4,655	220	4,875	-2,431	2,444
	1,957		1,957	16,718	18,675
	3,476	2,266	5,742	15,059	20,801
	1,488	1,045	2,533	186	2,719
	16,117		16,117	8,569	24,686
	4,776	2	4,778	18,726	23,504
	449,923	2,590	452,513	11,099	463,612
				355	355
1,825	5,708	238	7,771	446	8,217
	30,403	3,123	33,526	317,373	350,899
	6,720	6,962	13,682	9,036	22,718
	3,574	2,548	6,122	4,993	11,115
	1,061	41	1,102	984	2,086
	175,780	60,742	236,522	664,757	901,279
19,436	1,259,270	681,228	1,959,934	2,140,343	4,100,277
	439,107	-31,831	407,276	2,166,800	2,574,076
19,436	820,163	713,059	1,552,658	-26,457	1,526,201

TABLE 5.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1991

(in thousands of dollars)

Crown corporations	Revenues			
	Outside parties	Government and Crown corporations		Total
		Financial assistance ⁽¹⁾	Other	
Atomic Energy of Canada Limited	316,175	165,691	2,299	484,165
Canada Council	7,255	104,054	5,286	116,595
Canada Harbour Place Corporation	5,533		207	5,740
Canada Lands Company Limited				
Canada Lands Company (Mirabel) Limited	93	1,579		1,672
Canada Lands Company (Vieux-Port de Québec) Inc				
Old Port of Montréal Corporation Inc	3,841	15,119		18,960
Canada Mortgage and Housing Corporation				
Minister's Account		1,978,850		1,978,850
Canada Museums Construction Corporation Inc				
Canadian Broadcasting Corporation	353,922	985,212	8,771	1,347,905
Canadian Dairy Commission				
Dairy Support Operation Financed by the Government of Canada				266,493
Canadian Film Development Corporation	17,750	145,132		162,882
Canadian Institute for International Peace and Security	181	5,000		5,181
Canadian Livestock Feed Board		18,707	2	18,709
Canadian Museum of Civilization	4,175	29,359		33,534
Canadian Museum of Nature	1,059	13,560		14,619
Canadian National (West Indies) Steamships Limited	176			176
Canadian Patents and Development Limited	1,555	1,799	138	3,492
Canertech Inc				
Defense Construction (1951) Limited	875	15,529		16,404
Enterprise Cape Breton Corporation	2,328			2,328
Harbourfront Corporation	7,976		222	8,198
International Centre for Ocean Development	160	12,200	2,167	14,527
International Development Research Centre	3,729	114,130	4,682	122,541
Jacques Cartier and Champlain Bridges Incorporated, The	1,831	26,570	306	28,707
Marine Atlantic Inc	74,505	121,817	1,043	197,365
Mingan Associates, Ltd				
National Arts Centre Corporation	17,178	18,048	515	35,741
National Capital Commission	34,437	90,072	5,679	130,188
National Gallery of Canada	2,285	23,180	265	25,730
National Museum of Science and Technology	596	14,844	11	15,451
Standards Council of Canada	1,639	5,951	499	8,089
VIA Rail Canada Inc	136,544	338,742	66,154	541,440
Total	995,798	4,511,638	98,246	5,605,682
Conversion to the Government accounting basis for consolidation purposes	9,685	249,370	-63,691	195,364
Total on the Government accounting basis	1,005,483	4,761,008	34,555	5,801,046

Notes to Table 5.1 are an integral part of this table.

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$139,472 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 5.5 because of differences resulting from the different accounting policies followed.

Expenses

Outside parties	Government and Crown corporations	Total	Income/or loss(-)	Adjustments	Government share of net income/or loss(-)	Equity transactions with Government	Equity beginning of year	Equity end of year
426,677	49,684	476,361	7,804		7,804	1,765	210,788	220,357
115,988		115,988	607		607	1,427	105,139	107,173
7,252	207	7,459	-1,719		-1,719		66,961	65,242
1,015	657	1,672						
18,960		18,960					203	203
1,813,164	165,686	1,978,850						
1,389,755	1,414	1,391,169	-43,264	-74,685	31,421	-187,454 19,355	187,178 600,700	-276 651,476
266,493		266,493						
160,875	1,762	162,637	245		245		14,807	15,052
5,235		5,235	-54		-54		1,734	1,680
18,019	209	18,228	481		481		-860	-379
29,629	3,074	32,703	831	-10,052	10,883			10,883
12,965	1,889	14,854	-235	-1,000	765			765
			176		176		1,155	1,331
3,183		3,183	309		309		657	966
				-14,053	14,053		-14,053	
15,923		15,923	481		481		-2,912	-2,431
17,612		17,612	-15,284	1,050	-16,334	10,560	22,492	16,718
14,926	929	15,855	-7,657		-7,657	-2,505	25,221	15,059
14,909		14,909	-382		-382		568	186
117,997		117,997	4,544		4,544		4,025	8,569
28,805	757	29,562	-855		-855	140	19,441	18,726
187,740	4,778	192,518	4,847	-5,619	10,466		633	11,099
							355	355
35,204	1,371	36,575	-834		-834		1,280	446
105,329	8,723	114,052	16,136		16,136		301,237	317,373
18,277	4,944	23,221	2,509	-6,527	9,036			9,036
10,743	1,392	12,135	3,316	-1,677	4,993			4,993
7,595	407	8,002	87		87		897	984
435,179	88,143	523,322	18,118	-41,465	59,583	-9,057	614,231	664,757
5,279,449	336,026	5,615,475	-9,793	-154,028	144,235	-165,769	2,161,877	2,140,343
89,900	17,540	107,440	87,924	154,028	-66,104	165,769	-2,266,465	-2,166,800
5,369,349	353,566	5,722,915	78,131		78,131		-104,588	-26,457

Borrowings by Consolidated Agent Crown Corporations

Table 5.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that "An annual statement be included in the Public Accounts". The borrowings are from

lenders other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

TABLE 5.3

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1990	Borrowings and other credits	Repayments and other charges	Balance March 31/ 1991 ⁽¹⁾
Atomic Energy of Canada Limited	19,376	1,535	3,300	17,611
National Arts Centre Corporation	1,060	9,660	8,895	1,825
Total	20,436	11,195	12,195	19,436

Notes to Table 5.1 are an integral part of this table.

⁽¹⁾ The maturity of the above borrowings for the first five years is: 1992, \$2,195 ; 1993, \$1,881; 1994, \$2,048; 1995, \$2,229; 1996 and for subsequent years, \$11,083.

Contingent Liabilities of Consolidated Crown Corporations

Table 5.4 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 5.4

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 1991
Agent Crown corporations	
Canada Lands Company (Vieux-Port de Québec) Inc.- miscellaneous litigation	1,400
Canada Museums Construction Corporation Inc.- contract disputes	11,600
Enterprise Cape Breton Corporation-loan guarantee	22,610
Defence Construction (1951) Limited-contract disputes	5,294
National Capital Commission-miscellaneous litigation and agreements	38,140
Old Port of Montréal Corporation Inc.-contract dispute	1,100
	80,144
Non-agent Crown corporation	
Marine Atlantic Inc.-contract disputes	1,294
	1,294
Total	81,438

Notes to Table 5.1 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 5.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 5.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 5.5

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1991

(in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
<u>Agent Crown corporations</u>			
Atomic Energy of Canada Limited	167,456	167,456	
Canada Lands Company Limited			
Canada Lands Company (Mirabel) Limited	1,671	1,671	
Old Port of Montreal Corporation Inc. ⁽²⁾	14,363	14,363	
Canada Mortgage and Housing Corporation ⁽²⁾	1,978,850	1,978,850	
Canada Museums Construction Corporation Inc.	7,886		7,886
Canadian Broadcasting Corporation	1,078,430	989,212	89,218
Canadian Dairy Commission	264,884	264,884	
Canadian Film Development Corporation	145,132	145,132	
Canadian Livestock Feed Board	18,777	18,777	
Canadian Museum of Civilization	30,649	30,649	
Canadian Museum of Nature	14,998	14,998	
Canadian Patents and Development Limited	1,799	1,799	
Defence Construction (1951) Limited	15,182	15,182	
Enterprise Cape Breton Corporation	10,560	10,560	
National Capital Commission	90,072	72,376	17,696
National Gallery of Canada	23,909	23,909	
National Museum of Science and Technology	14,853	14,853	
	3,879,471	3,764,671	114,800
<u>Non-agent Crown corporations</u>			
Canada Council	104,204	104,204	
Canadian Institute for International Peace and Security	5,000	5,000	
Harbourfront Corporation	3,649	3,649	
International Centre for Ocean Development	12,200	12,200	
International Development Research Centre	114,130	114,130	
Jacques Cartier and Champlain Bridges Incorporated, The	27,934	27,934	
Marine Atlantic Inc.	143,947	143,947	
National Arts Centre Corporation	20,024	20,024	
Standards Council of Canada	5,951	5,951	
VIA Rail Canada Inc.	441,484	441,484	
	878,523	878,523	
Total	4,757,994	4,643,194	114,800

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes budgetary appropriations for Government programs known as the "Minister's account".

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and expenditures charged thereto. The transactions of these accounts are reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results.

Since 1989-90, transactions in some insurance and other specified purposes accounts are reported as budgetary revenue and expenditure. This was done as a result of changes in accounting policies affecting specified purpose accounts and has been applied on a retroactive basis.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 5.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	April 1/1990	Receipts and other credits		Payments and other charges		March 31/1991
		From	Internal to the	With	Internal to the	
		outside parties	Government	outside parties	Government	
	\$	\$	\$	\$	\$	\$
Unemployment Insurance Account, Table 5.7 ...	971,261,045	12,706,435,179	2,099,569,349	15,601,353,888		175,911,685
Canadian Ownership						
Account	1,908,087,951	231,903				1,908,319,854
Add: investments made through the Canadian						
Ownership Account	1,656,854,321					1,656,854,321
Canadian Ownership						
special charge						
collected	3,564,942,272	231,903				3,565,174,175
Western Grain Stabilization						
Account		127,735,625	193,190,235	156,016,863	163,072,878	1,836,119
Less: interest-bearing loans	1,163,725,923		41,714,116			1,122,011,807
	-1,163,725,923	127,735,625	234,904,351	156,016,863	163,072,878	-1,120,175,688
Crop Reinsurance Fund	1,131,567	65,301,174	364,000,000	430,206,941		225,800
Less: interest-bearing loans	132,000,000				364,000,000	496,000,000
	-130,868,433	65,301,174	364,000,000	430,206,941	364,000,000	-495,774,200
Agricultural Commodities						
Stabilization Accounts	77,381,427	157,601,471	90,850,354	82,862,970	111,281,425	131,688,857
Less: interest-bearing loans	238,355,203				-76,481,241	161,873,962
	-160,973,776	157,601,471	90,850,354	82,862,970	34,800,184	-30,185,105
Environmental Studies Research Funds	1,183,976	649,430		861,695		971,711
Insurance Accounts —						
Fishing Vessel Insurance Plan	24,013,815	8,354,999		7,977,876		24,390,938
Nuclear Liability						
Reinsurance Account	534,021	1,500				535,521
Investors' Indemnity Account	52,197		35,000	80,764		6,433
Land Assurance Fund	1,366,698	81,829				1,448,527
Health Insurance Supple-						
mentary Account	28,387					28,387
Ship-Source Oil Pollution Fund	164,782,991		17,881,299	257,833		182,406,457
	190,778,109	8,438,328	17,916,299	8,316,473		208,816,263
Other Specified Purpose Accounts —						
National Museums of Canada ⁽¹⁾						
Marconi Celebration Trust Fund	14,000	37,500		24,143		27,357
Claudia de Hueck Bequest Account	402,294		42,120	60,285		384,129
Natural Sciences and Engineering Research						
Council—Donation Trust Fund	1,150			50		1,100
Inuvik General Hospital						
Sioux Lookout Zone Hospital	1,378	101,113		101,808		683
National Battlefields Commission						
Trust Fund	171,294	1,620	19,218			192,132
Ted Harrison Poster Fund	700	275		975		
Medical Research Council—						
Donations for research	635,046	1,398,506	88,339	1,309,445		812,446

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	Receipts and other credits		Payments and other charges		March 31/1991
	April 1/1990	From outside parties	Internal to the Government	With outside parties	
	\$	\$	\$	\$	\$
National Library—Special Operating Account	8,154	63,160		36,864	34,450
National Round Table on the Environment and Economy	15,832				15,832
National Archives of Canada Account	166,784	6,922		31,320	142,386
Hungarian Medical School Projects	-108	216			108
Canadian Centre for Occupational Health and Safety—Donations	6,025	200			6,225
Grassy Island National Historic Site		393,738		340,337	53,401
Alexander Graham Bell National Historic Site		25,000			25,000
Open Skies Conference		300			300
	1,422,549	2,028,550	149,677	1,905,227	1,695,549
Total	3,274,019,819	13,068,421,660	2,807,390,030	16,281,524,057	561,873,062
					2,306,434,390

⁽¹⁾ This account is now reported in Table 7.10 (Section 7 of this volume).

Unemployment Insurance Account

The Unemployment Insurance Act provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes an account in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, fines, penalties and interest; (b) up until October 23, 1990, Government share of benefits paid; (c) refunds of overpayments of benefits and, since November 18, 1990, of special assistance payments, and benefit repayments; (d) amounts for services rendered to other Government departments or agencies, or to the public; (e) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (f) interest on the balance of the Account at such rates as the Minister of Finance may authorize. The Act also provides that the following be charged to the Account: (a) benefits and, since November 18, 1990, special assistance payments paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$14.40 from April 1, 1990 to December 31, 1990 and \$15.30 from January 1, 1991 to March 31, 1991. For the same periods, maximum weekly benefits were \$384 from April 1, 1990 to December 31, 1990 and \$408 from January 1, 1991 to March 31, 1991.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$12,706 million (\$10,738 million in 1990) are reported as revenue, while payments and other charges of \$15,601 million (\$12,522 million in 1990) are reported as expenditure.

Receipts and other credits of \$2,099 million (\$2,782 million in 1990), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties only.

TABLE 5.7

TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT
(in millions of dollars)

	1990-91	1989-90
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees and employers	13,009	10,969
Government	1,549	2,424
Investment income	25	36
Miscellaneous revenue	223	91
	14,806	13,520
PAYMENTS AND OTHER CHARGES—		
Benefits	14,341	11,439
Expenses	1,260	1,083
	15,601	12,522
Net decrease(-)/increase	-795	998
Add—Balance at beginning of year	971	-27
Balance at end of year	176	971

Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, Appropriation Act No 4, 1980-81. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Therefore, any transactions since then are as a result of adjustments due to audits.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$0.2 million (\$0.3 million in 1990) are reported as revenue.

Western Grain Stabilization Account

The purpose of the Western Grain Stabilization Act is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, safflower seed, buckwheat, peas, lentils, fababeans and canary seed as well as any other prescribed seed that is produced in the designated area and is a grain for which a grade has been established and designated as "Canada Western" by regulation under the Canada Grain Act.

This account records funds for this purpose which are received from:

- (a) levies paid by participating producers—a levy rate ranging from 2% to 4% applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- (b) Government contributions equal to levies paid by producers plus an additional 2% of the participating eligible grain sales proceeds of all participants on which levy has been paid by participants;
- (c) interest on the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and,
- (d) pursuant to Section 45 of the Western Grain Stabilization Act advances can be made from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of stabilization payments and other amounts required to be charged to the Account pursuant to Section 44 of the Western Grain Stabilization Act.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$128 million (\$156 million in 1990) are reported as revenue, while payments and other charges of \$156 million (\$0.6 million in 1990), are reported as expenditure.

Receipts and other credits of \$193 million (\$236 million in 1990), and payments and other charges of \$163 million (\$392 million in 1990), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Crop Reinsurance Fund

This Fund, established by Section 6(1) of the Crop Insurance Act, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$65 million (\$0.4 million in 1990) are reported as revenue, while payments and other charges of \$430 million (\$96 million in 1990), are reported as expenditure.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle and slaughter cattle;
- (c) feeder calves;
- (d) lambs;
- (e) apples;
- (f) white pea beans;
- (g) kidney/cranberry and other coloured beans;
- (h) sugar beets;
- (i) honey; and,
- (j) onions.

These accounts were established in the accounts of Canada, pursuant to Section 13.1 of the Agricultural Stabilization Act.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$158 million (\$166 million in 1990) are reported as revenue, while payments and other charges of \$83 million (\$553 million in 1990) are reported as expenditure.

Receipts and other credits of \$91 million (\$135 million in 1990), and payments and other charges of \$111 million (\$217 million in 1990), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Environmental Studies Research Funds

These accounts were established in Energy Mines and Resources and Indian Affairs and Northern Development pursuant to Section 76(1) of the Canada Petroleum Resources Act. The purpose of the Funds is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$0.6 million (\$1 million in 1990) are reported as revenue, while payments and other charges of \$0.9 million (\$0.3 million in 1990) are reported as expenditure.

Insurance Accounts

For the following insurance accounts, within the Statement of Revenue and Expenditure, receipts and other credits of \$8 million (\$11 million in 1990) are reported as revenue, while payments and other charges of \$8 million (\$10 million in 1990) are reported as expenditure.

Receipts and other credits of \$18 million (\$16 million in 1990), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, Appropriation Act No. 5, 1955, extended by Vote 527, Appropriation Act No. 6, 1956 and Vote L38b, Appropriation Act No. 1, 1970, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with indemnities, refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

Nuclear Liability Reinsurance Account

This account was established pursuant to Sections 16 and 17 of the Nuclear Liability Act, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Investors' Indemnity Account

Section 57 of the Financial Administration Act provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this Section, and any recovery of losses referred to in Section 58 of the Act.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Land Assurance Fund

This account was established pursuant to Sections 160 to 164 of the Land Titles Act, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the Land Titles Act. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the fund annually, the present rate being 3% per annum.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, Appropriation Act No. 2, 1973, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the Canada Health Act, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Ship-Source Oil Pollution Fund

This account was established pursuant to Section 775 of the amended Canada Shipping Act to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the fund.

During the year, interest was credited to the account and charged to interest on public debt.

Other Specified Purpose Accounts

For the following Other Specified Purpose Accounts, within the Statement of Revenue and Expenditure, receipts and other credits of \$2 million (\$5 million in 1990) are reported as revenue, while payments and other charges of \$2 million (\$3 million in 1990) are reported as expenditure.

Receipts and other credits of \$0.1 million (\$0.5 million in 1990), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Marconi Celebration Trust Fund

This account was established pursuant to Section 21 of the Financial Administration Act, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

Claudia de Hueck Bequest Account

This account was established pursuant to Section 21 of the Financial Administration Act and Section 15 of the Science Council of Canada Act, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

During the year, interest was credited to the account and charged to interest on public debt.

Natural Sciences and Engineering Research Council—Donation Trust Fund

This account was established by to Section 27 of the Government Organization (Scientific Activities) Act, 1976 to record monies, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

Inuvik General Hospital

This account was established under the authority of Section 21 of the Financial Administration Act to record transactions relating to a donation by the Lions Club for the purchase of items for Ward 300 at the Inuvik General Hospital.

Sioux Lookout Zone Hospital

This account was established under the authority of Section 21 of the Financial Administration Act to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

National Battlefields Commission Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the Financial Administration Act, prior to September 1, 1984.

During the year, interest was credited to the account and charged to interest on public debt.

Ted Harrison Poster Fund

This account was established pursuant to Section 21 of the Financial Administration Act, to accumulate money received from the sale of posters donated to the Whitehorse General Hospital in Whitehorse, Yukon Territory by local artist Ted Harrison. The proceeds from the sales was used to purchase special equipment for the hospital. During the year, this account was closed.

Medical Research Council — Donations for Research

This account was established as a result of the Government's "Matching Grants" policy and records contributions received from organizations and individuals for biomedical research.

During the year, interest was credited to the account and charged to interest on public debt.

National Library—Special Operating Account

This account was established pursuant to Section 14 of the National Library Act, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

National Round Table on the Environment and Economy

This account was established pursuant to Section 21 of the Financial Administration Act, to record gifts and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

National Archives of Canada Account

This account was established pursuant to Section 10 of the National Archives Act, to record monies received for the purposes of the National Archives, by way of donation, bequest or otherwise. Amounts received for the purposes of the National Archives Act may be paid out of this account, or out of money appropriated by Parliament for such purposes.

Hungarian Medical School Projects

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from the private sector. These donated funds were used to help defray the costs of the Hungarian medical school projects.

Canadian Centre for Occupational Health and Safety—Donations

This account was established pursuant to Section 6(3) of the Canadian Centre for Occupational Health and Safety Act, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Grassy Island National Historic Site

This account was established pursuant to Section 21 of the Financial Administration Act, to accept donations from Strait of Canso Industrial Development authority to develop Grassy Island as National Historic Site. This donation will be used to pay for the cost of a new visitor reception centre including interpretive displays and site development on the mainland and island.

Alexander Graham Bell National Historic Site

This account was established pursuant to Section 21 of the Financial Administration Act, to accept donations from various companies of the Canadian telecommunications industry for the redevelopment of the Alexander Graham Bell National Historic Site. These donations will be used for the construction of facilities for disabled visitors in addition to improving the reception, orientation and special events services.

Open Skies Conference

This account was established pursuant to Section 21 of the Financial Administration Act, to record donations received from the private sector for the Open Skies Conference.

SUPPLEMENTARY STATEMENT

Canada Employment and Immigration
Commission relating to the Unemployment
Insurance Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have audited the balance sheet of the Employment and Immigration Commission relating to the Unemployment Insurance Account as at December 31, 1990 and the statement of operations and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission relating to the Unemployment Insurance Account as at December 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 28, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989	LIABILITIES AND SURPLUS	1990	1989
Balance of the Account with Receiver General for Canada	2,636,303	1,314,362	Unredeemed warrants	225,587	245,351
Due from claimants (Note 3)	203,836	176,540	Tax deductions from warrants	149,028	175,446
Due from Canada (Note 4)		43,334	Due to Canada (Note 4)	34,141	
				408,756	420,797
			Surplus	2,431,383	1,113,439
	2,840,139	1,534,236		2,840,139	1,534,236

The accompanying notes are an integral part of these financial statements.

Approved by the Commission:

H. BRAITER
Executive Director
Finance and Administration

A. KROEGER
Chairman

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

STATEMENT OF OPERATIONS AND SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1990 (in thousands of dollars)

	1990	1989
Revenue		
Premiums (Note 5)	12,926,502	10,369,237
Interest on the balance of the account with the Receiver General for Canada ..	221,661	60,458
Penalties	44,723	29,983
	<u>13,192,886</u>	<u>10,459,678</u>
Expenses		
Benefits (Note 6 and Schedule of benefits)	13,037,015	11,372,817
Administration (Note 7)	1,214,722	1,053,699
Doubtful accounts	39,037	23,542
	<u>14,290,774</u>	<u>12,450,058</u>
Deficiency of revenue over expenses	-1,097,888	-1,990,380
Government's share of benefits (Schedule of benefits)	2,415,832	2,748,029
Excess of revenue over expenses for the year	1,317,944	757,649
Surplus at beginning of the year	1,113,439	355,790
Surplus at end of the year	<u>2,431,383</u>	<u>1,113,439</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1990

1. Authority and objectives

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the Financial Administration Act, administers the Unemployment Insurance Act. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

In the accounts of Canada, the Unemployment Insurance Account was established by Section 112 of the Act. All amounts received under this Act are deposited in the Consolidated Revenue Fund and credited to this Account. Benefits and the cost of administration of the Act are paid out of the Consolidated Revenue Fund and charged to this Account.

Under Part III of the Act, the Minister of National Revenue is responsible for collecting premiums from employers and employees.

The Minister of National Revenue is also responsible, under Part VII of the Act, to administer and enforce the provisions of the Act relating to benefit repayments.

2. Accounting policies

(a) Premiums

The premiums are recorded based on an estimate of the amount to be collected in the current year and include adjustments between actual and estimated premiums of prior years.

(b) Interest

Interest on the balance of the account with the Receiver General for Canada are recorded on an accrual basis.

(c) Penalties

Penalties, levied pursuant to Section 33 of the Act, are recorded on an accrual basis.

(d) Benefits

Benefits represent the warrants issued during the year less benefit overpayments established by the Commission during the year and benefit repayments estimated to be receivable under Section 123 of the Act, including adjustments between actual and estimated repayments of prior years.

(e) Administration

The costs of administration of the Act are determined by the Unemployment Insurance Regulations and are charged to the Account by the Commission.

(f) Government's share of benefits

The government's share of benefits is recorded on an accrual basis.

3. Due from claimants

	1990	1989
	(in thousands of dollars)	
Benefit overpayment and penalties	234,449	200,427
Less: allowance for doubtful accounts	72,855	56,606
	<u>161,594</u>	<u>143,821</u>
Estimated benefit repayments under Section 123 of the Act	42,242	32,719
	<u>203,836</u>	<u>176,540</u>

Uncollectable benefit overpayments and penalties written-off during the year under authority of Section 60 of the Regulations amounted to \$24 million (\$13.4 million in 1989).

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1990—Continued

4. Due from (to) Canada

	1990	1989
	(in thousands of dollars)	
Premiums	96,596	81,746
Interest on balance of the account with Receiver General for Canada	25,240	12,620
Government's share of benefits	-100,822	-2,447
Administration expenses	-54,655	-48,135
Other	-500	-450
	<u>-34,141</u>	<u>43,334</u>

5. Premiums

In 1990, the premium rate for employees was \$2.25 per \$100 of insurable earnings, compared to \$1.95 in 1989. The premium rate for the employers, calculated at 1.4 times the employee rate, was \$3.15 per \$100 on an employee's insurable earnings (\$2.73 per \$100 in 1989).

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1990, the total amount of premium reductions is estimated at \$481 million (\$441 million in 1989).

6. Benefits—Overpayments and underpayments

The large number of claimants to be monitored and the requirement for prompt service require selective rather than universal internal control procedures and therefore the verification of claims is mainly done after claimants have begun to receive benefits. As a result, undetected overpayments and underpayments of benefits exist which the Commission estimated at \$367 million (\$348 million in 1989) and \$158 million (\$103 million in 1989) respectively. These amounts are included in the benefits for the year.

7. Administration costs

The administration costs totalled \$1,223 million in 1990 (\$1,061 million in 1989). This amount was offset by approximately \$8.5 million (\$7.5 million in 1989) for the recovery of costs related to maintaining the Social Insurance Number registry and issuing replacement cards. The following table provides the administration costs by activity.

ADMINISTRATION COSTS BY ACTIVITY (in thousands of dollars)

	1990	1989
Unemployment insurance	477,279	420,621
Corporate management and administration	272,910	243,553
National employment services	260,666	226,806
CEC Management and joint services	161,094	141,059
Systems and procedures	47,082	26,316
Human resource development programs	3,429	2,058
Advisory Council	796	750
	<u>1,223,256</u>	<u>1,061,163</u>
Less: recovery of costs for maintaining the Social Insurance Number registry and issuing replacement cards	8,534	7,464
	<u>1,214,722</u>	<u>1,053,699</u>

Administration cost—Related party transactions

The administration costs include \$89.2 million (\$77.6 million in 1989) paid to Public Works for accommodation and rental costs, and \$43.1 million (\$39.6 million in 1989) to National Revenue for collecting premiums from employers and employees.

8. Contingent liabilities

In the normal course of the operations of the Account, certain appeals against or by the Commission are presently outstanding. In the opinion of management, the result of these appeals will not have a significant impact on the operations of the Account.

9. Significant events

(a) Passage of Bill C-21

Bill C-21, a series of amendments to the Unemployment Insurance Act, received Royal Assent on October 23, 1990. This legislation restructured the Program to provide more training and increased incentives to seek suitable employment. In addition, the full cost of the unemployment insurance program is now financed by employee and employer contributions.

(b) Age 65 retroactive payments

Bill C-21 removed the age 65 limitation on receiving benefits retroactively to September 23, 1988. As these claims had not been treated as at December 31, 1990, the retroactive amount which may be payable due to the passage of Bill C-21 is not included in the benefit expenses of these financial statements. Also, the retroactive amount was unknown at the time of preparing these statements.

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—*Concluded*

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1990—*Concluded*

SCHEDULE OF BENEFITS FOR THE YEAR ENDED DECEMBER 31, 1990 (in thousands of dollars)

	1990		1989	
	Total	Government's share	Total	Government's share
Regular	11,198,261	2,074,453	9,739,380	2,350,165
Maternity	712,294		629,953	
Sickness	378,065		345,941	
Training	329,100	115,720	267,716	110,434
Job creation	109,536	32,796	101,914	41,968
Work sharing	61,901		21,209	
Retirement	20,038		26,043	
Adoption	5,257		4,821	
Parental	2,118		1,169	
	12,816,570	2,222,969	11,138,146	2,502,567
Fishing	263,551	198,630	269,382	252,364
Gross benefits	13,080,121	2,421,599	11,407,528	2,754,931
Less: benefit repayments	43,106	5,767	34,711	6,902
	13,037,015	2,415,832	11,372,817	2,748,029

In accordance with Section 118 and Subsection 130(3) of the Unemployment Insurance Act, the government's share of benefits consists of extended benefits paid under Section 22, Subsections 25(8) and 26(3), and all benefits paid to fishermen less premiums paid by them and their designated employers.

Extended benefits paid under Section 22 of the Act are benefits paid to claimants who have exhausted their initial benefits (and labour force extended benefits, if they are entitled) and who reside in a region where the regional unemployment rate exceeds four per cent.

Extended benefits paid under Subsections 25(8) and 26(3) of the Act are benefits paid to claimants on job creation projects or training courses and whose entitlements are not enough to cover the duration of the project or course plus an additional maximum of three weeks of entitlement after the projects or courses end.

Section 118 and Subsection 130(3) of the Unemployment Insurance Act were repealed by Bill C-21. The 1990 government share of benefits is calculated and applicable for the period of January 1 to October 23, 1990.

SECTION 6

1990-91

PUBLIC ACCOUNTS

Loans, Investments and Advances

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NOTE TO USER

It would be appreciated if you could complete and return the
Reader's Survey inserted at the beginning of this volume

LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to valuation to reflect estimated losses on realization. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue as premium and discount on exchange, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect estimated losses on realization of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under Section 63(2) of the Financial Administration Act.

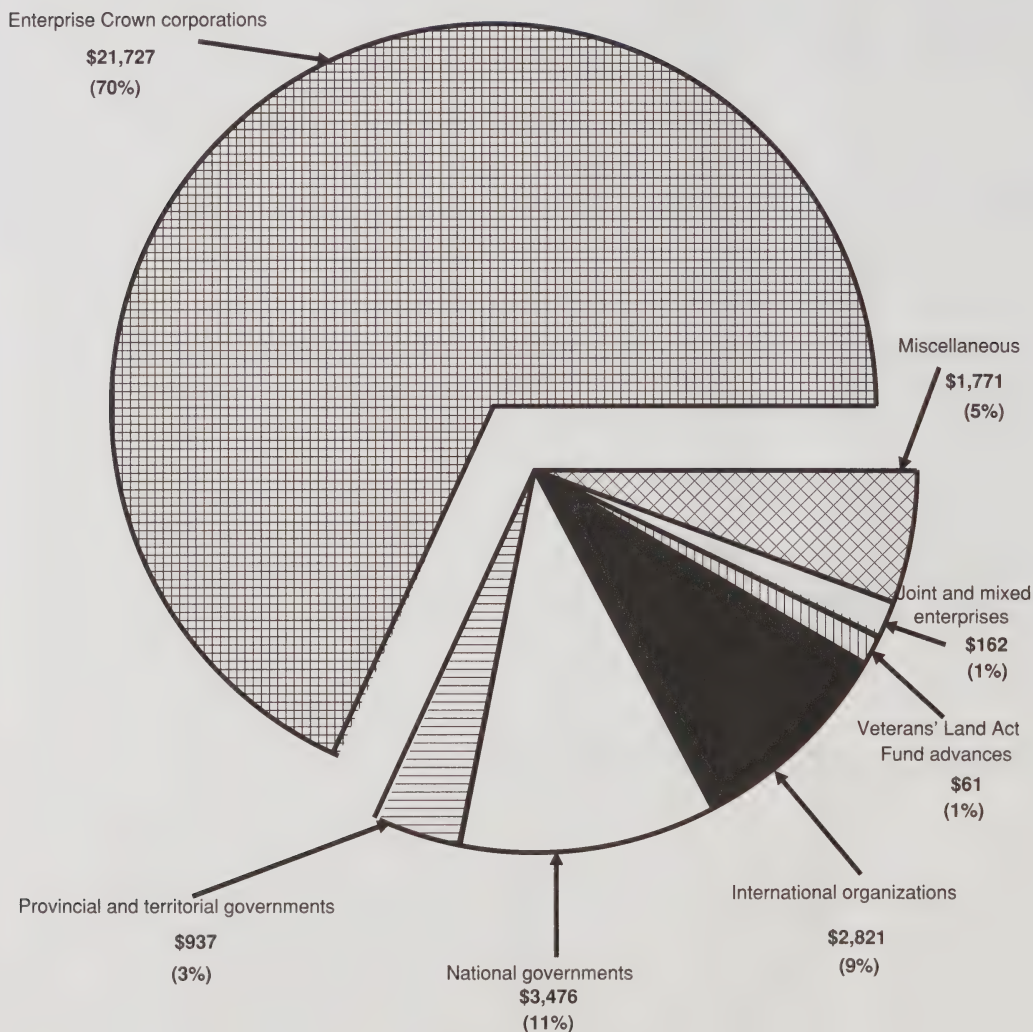
Revenue received during the year on loans, investments and advances, is credited to return on investments; details are given in Section 11 of Volume II (Part II).

Chart A presents the total loans, investments and advances by category for the current fiscal year, while Chart B compares the total loans, investments and advances for the last five fiscal years. Table 6.1 presents the transactions and year-end balances of loans, investments and advances by category.

Transactions and balances are further summarized in Sections 1 and 2 of this volume.

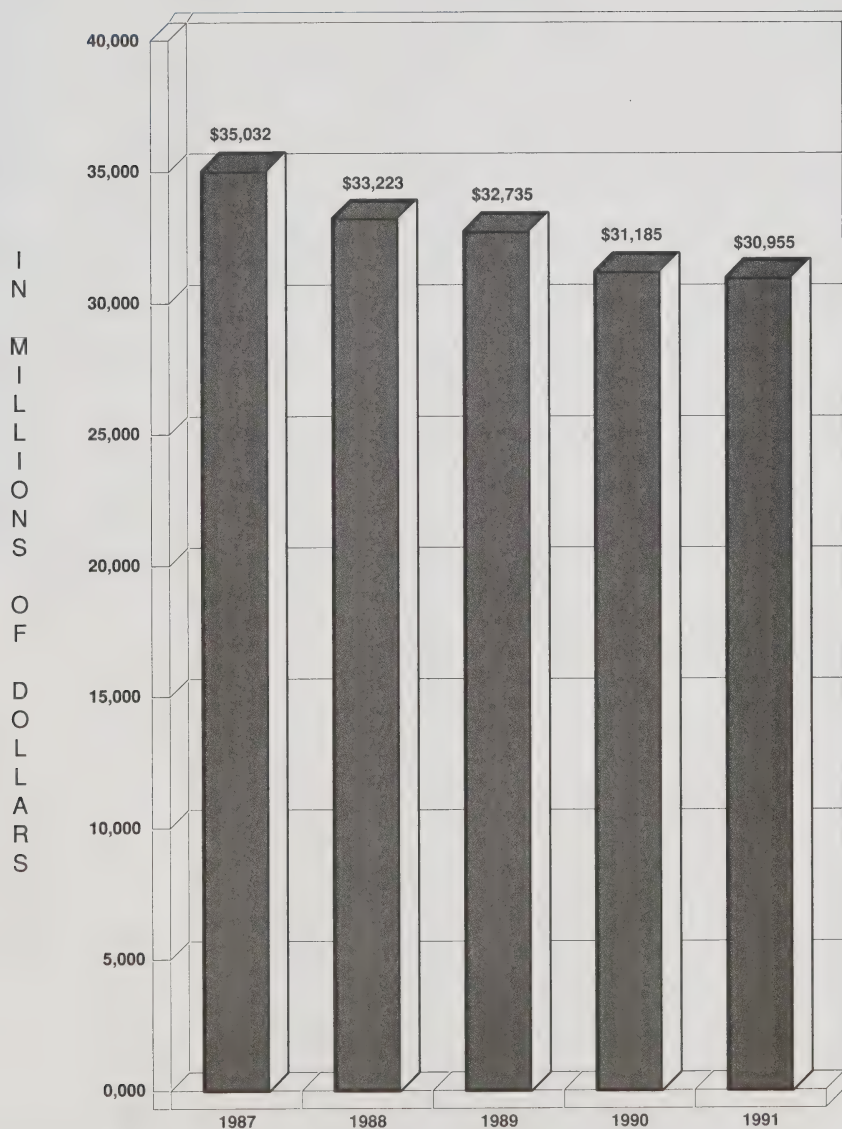
Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

CHART A
LOANS, INVESTMENTS AND ADVANCES ⁽¹⁾
(in millions of dollars)



⁽¹⁾ Before the allowance for valuation

CHART B
LOANS, INVESTMENTS AND ADVANCES ⁽¹⁾



⁽¹⁾ Before the allowance for valuation

TABLE 6.1

LOANS, INVESTMENTS AND ADVANCES

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Enterprise Crown corporations—				
Lending institutions, Table 6.2—				
Canada Deposit Insurance Corporation	1,375,000,000	150,000,000		1,225,000,000
Canada Mortgage and Housing Corporation	8,703,261,212	335,370,174	141,000,000	8,508,891,038
Export Development Corporation	772,000,000		16,200,000	788,200,000
Farm Credit Corporation	3,367,823,421	1,063,270,773	1,145,550,000	3,450,102,648
Federal Business Development Bank	294,000,000			294,000,000
	<i>14,512,084,633</i>	<i>1,548,640,947</i>	<i>1,302,750,000</i>	<i>14,266,193,686</i>
All other enterprise Crown corporations, Table 6.3—				
Canadian National Railway Company	2,439,951,934	13,450,822		2,426,501,112
Petro-Canada	4,299,126,174			4,299,126,174
Other	725,454,575	574,668,365	584,799,032	735,585,242
	<i>7,464,532,683</i>	<i>588,119,187</i>	<i>584,799,032</i>	<i>7,461,212,528</i>
Less: allowance for valuation	5,550,000,000	100,000,000		5,650,000,000
Total enterprise Crown corporations	16,426,617,316	2,236,760,134	1,887,549,032	16,077,406,214
Other loans, investments and advances—				
Provincial and territorial governments, Table 6.12	1,023,239,048	209,972,121	123,917,000	937,183,927
National governments including developing countries, Table 6.13	3,495,278,755	287,296,757	267,804,383	3,475,786,381
International organizations, Table 6.14	4,665,551,412	336,189,338	568,795,829	4,898,157,903
Less: notes payable, Table 6.14	1,881,898,268	520,388,990	325,378,496	2,076,908,762
	<i>2,783,653,144</i>	<i>856,578,328</i>	<i>894,174,325</i>	<i>2,821,249,141</i>
Veterans' Land Act Fund advances, less allowance for conditional benefits, Table 6.16	74,211,135	18,269,610	5,010,312	60,951,837
Joint and mixed enterprises, Table 6.17	162,199,859	105,459		162,094,400
Miscellaneous, Table 6.18	1,669,338,498	1,507,131,910	1,608,783,141	1,770,989,729
	<i>9,207,920,439</i>	<i>2,879,354,185</i>	<i>2,899,689,161</i>	<i>9,228,255,415</i>
Less: allowance for valuation	6,200,000,000	100,000,000		6,300,000,000
Total other loans, investments and advances	3,007,920,439	2,979,354,185	2,899,689,161	2,928,255,415
Total	19,434,537,755	5,216,114,319	4,787,238,193	19,005,661,629

ENTERPRISE CROWN CORPORATIONS

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

An enterprise Crown corporation is a Crown corporation that does not rely on Government funding as its principal source of revenue. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the Financial Administration Act, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed in the schedules to the Financial Administration Act are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; and,
- (iii) proclamation by the Government Corporations Operation Act.

Financial statements of parent enterprise Crown corporations can be found in Volume III of the Public Accounts. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that volume whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

Lending Institutions

Table 6.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations whose primary activity is to provide financial assistance.

TABLE 6.2

ENTERPRISE CROWN CORPORATIONS—LENDING INSTITUTIONS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Canada Deposit Insurance Corporation	1,375,000,000	150,000,000		1,225,000,000
Canada Mortgage and Housing Corporation—				
Capital stock	25,000,000			25,000,000
Housing	5,577,153,321	216,583,790	19,000,000	5,379,569,531
Real estate	187,578,314	16,164,248	51,500,000	222,914,066
Joint projects	1,481,960,928	34,454,162	70,500,000	1,518,006,766
Urban renewal scheme	8,238,573	1,867,741		6,370,832
Student housing projects	350,794,334	5,811,619		344,982,715
Sewage treatment projects	937,320,922	38,825,280		898,495,642
Ownership assistance	135,214,820	21,663,334		113,551,486
	8,703,261,212	335,370,174	141,000,000	8,508,891,038
Export Development Corporation	772,000,000		16,200,000	788,200,000
Farm Credit Corporation—				
Contributed capital	818,333,000		200,000,000	1,018,333,000
Notes	2,545,754,011	1,062,070,645	943,550,000	2,427,233,366
Farm syndicates loan fund	3,736,410	1,200,128	2,000,000	4,536,282
	3,367,823,421	1,063,270,773	1,145,550,000	3,450,102,648
Federal Business Development Bank	294,000,000			294,000,000
Total	14,512,084,633	1,548,640,947	1,302,750,000	14,266,193,686

Canada Deposit Insurance Corporation

The Corporation was established by the Canada Deposit Insurance Corporation Act, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the Financial Administration Act.

Section 42 of the Canada Deposit Insurance Corporation Act provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$3,000,000,000.

The loans bear interest at rates from 9.95% to 12.64% per annum, and are repayable between July 4, 1991 and January 10, 1994.

During the year, the Corporation paid interest of \$143.1 million to the Government.

Canada Mortgage and Housing Corporation

The Corporation was established by the Canada Mortgage and Housing Corporation Act, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1,978.9 million from budgetary appropriations. It paid interest of \$771.9 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is authorized by Section 16 of the Canada Mortgage and Housing Corporation Act.

Housing

Advances have been made to enable the Corporation to lend money under the following sections of the National Housing Act:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
 - (i) the construction, purchase or improvement of a low-rental housing project;
 - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,

- (iii) the conversion of existing buildings into a low-rental housing project;

- (c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

- (d) Section 51(1)—

- (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;
- (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,
- (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;

- (e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;

- (f) Section 76(1)—to any person that wishes to undertake a project

- (i) for individuals or families of low income; or,
- (ii) to meet the needs of individuals resulting from age, infirmity or other disability;

- (g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;

- (h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;

- (i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of Section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of Section 24; and,

- (j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 3.5% to 17.74% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 1991 and September 30, 2037.

Real estate

Section 92(1) of the National Housing Act authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2% to 16.157% per annum, and are repayable over 50 years, with the final instalment on September 30, 2036.

Joint projects

Section 79(1) of the National Housing Act authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3% to 17.9% per annum, and are repayable over 25 to 50 years, with final instalments between June 30, 1991 and September 30, 2038.

Urban renewal scheme

Advances have been made to enable the Corporation to lend money under Section 25(1) of the National Housing Act, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81% to 7.81% per annum, and are repayable over 15 to 50 years, with final instalments between June 30, 1991 and December 31, 1999.

Student housing projects

Advances have been made to enable the Corporation to lend money under Section 88(1) of the National Housing Act, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5% to 10.054% per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1993 and September 30, 2030.

Sewage treatment projects

Advances have been made to enable the Corporation to lend money under Section 51 of the National Housing Act, to any province, municipality or municipal sewage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5% to 10.376% per annum, and are repayable over 18 to 50 years, with final instalments between September 30, 1993 and December 31, 2023.

Ownership assistance

Advances have been made to enable the Corporation to lend money under Sections 57(1) and 58(1) of the National Housing Act, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.625% to 9.62% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 1991 and December 31, 2008.

Export Development Corporation

The Corporation was established by the Export Development Act, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$176.1 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is authorized by Section 11(1) of the Export Development Act.

Farm Credit Corporation

The Corporation was established by the Farm Credit Act, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

Contributed capital

The Government's contribution to the capital of the Corporation is authorized by Section 12(1) of the Farm Credit Act.

During the year, the authorized limit of the Government's contribution was increased to \$1,025,000,000 pursuant to Agriculture Vote 50b, Appropriation Act No 3, 1990-91.

Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to Section 13 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twenty-five times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 6% to 10.14% per annum, with final instalments between July 1, 1991 and July 1, 2000, \$1,426,737,099;
- (b) repayable over 10 to 19 years, bearing interest at rates from 9.245% to 10.94% per annum, with final instalments between January 1, 1992 and January 1, 2005, \$382,542,386;
- (c) repayable over 2 to 9 years, bearing interest at rates from 9.155% to 12.13% per annum, with the final instalment on March 27, 2000, \$444,919,872.; and,
- (d) repayable within 1 year, bearing interest at rates from 9.343% to 12.93% per annum, \$173,034,009.

During the year, the Corporation paid interest of \$229.8 million to the Government.

Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to Section 8 of the Farm Syndicates Credit Act, to enable the Corporation to make loans. Section 3(1) of the Act allows the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,
- (c) the purchase or improvement of land on which buildings are or are to be erected for use primarily by the syndicate or its members, in their farming operations.

The total amount authorized to be outstanding at any time is \$25,000,000.

The advances bear interest at rates from 9.275% to 11.02% per annum, and are repayable in equal semi-annual instalments over 3 to 13 years, with final instalments between November 1, 1991 and February 1, 2001.

Federal Business Development Bank

The Corporation was established by the Federal Business Development Bank Act, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$15.8 million from budgetary appropriations.

The Government's contribution to the paid-in capital of the Corporation is authorized by Sections 28 and 52 of the Federal Business Development Bank Act.

All Other Enterprise Crown Corporations

Table 6.3 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations engaged in activities other than providing financial assistance.

TABLE 6.3

ALL OTHER ENTERPRISE CROWN CORPORATIONS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Atomic Energy of Canada Limited ⁽¹⁾ —				
Capital stock	15,000,000			15,000,000
Contributed capital	149,159,473			149,159,473
Housing	3,106,510	444,223		2,662,287
Bruce heavy water plant	45,370,005	15,418,672		29,951,333
Commercial products division	653,517	247,353		406,164
Gentilly II nuclear power station	138,219,000	2,882,361		135,336,639
Heavy water inventory	18,500,000	1,000,000		17,500,000
Lepreau nuclear station	275,034,192	5,546,520		269,487,672
	645,042,697	25,539,129		619,503,568
Less: consolidation adjustment ⁽¹⁾	645,042,697	25,539,129		619,503,568
Canadian National Railway Company—				
Capital stock	2,278,866,774			2,278,866,774
Consolidated loan	161,085,160	13,450,822		147,634,338
	2,439,951,934	13,450,822		2,426,501,112

TABLE 6.3

ALL OTHER ENTERPRISE CROWN CORPORATIONS—*Concluded*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Petro-Canada—				
Capital stock—Common	3,326,354,321			3,326,354,321
Preferred	972,771,853			972,771,853
	4,299,126,174			4,299,126,174
Petro-Canada Limited				
	6,739,078,108	13,450,822		6,725,627,286
Other—				
Bank of Canada	5,920,000			5,920,000
Canada Development Investment Corporation	395,658,315			395,658,315
Canada Ports Corporation	1,406,018	86,685		1,319,333
Saint John Harbour Bridge Authority	13,725,775	13,725,775		
	15,131,793	13,812,460		1,319,333
Canada Post Corporation	80,000,000			80,000,000
Canadian Broadcasting Corporation ^[1]	33,000,000			33,000,000
Canadian Dairy Commission	47,763,500	204,396,500	230,636,000	74,003,000
Canadian National (West Indies) Steamships Ltd ^[1] —				
Capital stock	976			976
Advances	324,024			324,024
	325,000			325,000
Canadian Saltfish Corporation	44,000,000	253,600,000	241,000,000	31,400,000
Cape Breton Development Corporation	7,036,968		23,963,032	31,000,000
Freshwater Fish Marketing Corporation	22,155,819	98,855,819	89,200,000	12,500,000
Halifax Port Corporation	3,486,176	367,462		3,118,714
Harbourfront Corporation ^[1]			3,700,000	3,700,000
Mingan Associates, Ltd ^[1]				
Montreal Port Corporation	6,561,027	432,497		6,128,530
Prince Rupert Port Corporation	17,260,000	80,129		17,179,871
Royal Canadian Mint—				
Capital stock	40,000,000			40,000,000
Loans	13,562,087	2,673,066		10,889,021
	53,562,087	2,673,066		50,889,021
Saint John Port Corporation	20,052,457			20,052,457
St John's Port Corporation	3,132,162	220,037		2,912,125
Vancouver Port Corporation	3,734,271	230,395		3,503,876
VIA Rail Canada Inc ^[1]	9,300,000			9,300,000
	768,079,575	574,668,365	588,499,032	781,910,242
Less: consolidation adjustment ^[1]	42,625,000		3,700,000	46,325,000
	725,454,575	574,668,365	584,799,032	735,585,242
Total	7,464,532,683	588,119,187	584,799,032	7,461,212,528

^[1] Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$167.5 million from budgetary appropriations. It paid interest of \$57.4 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5.125% to 8.5% per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between December 31, 1993 and June 30, 2003.

Bruce heavy water plant

Loans have been made to finance the construction of the Bruce heavy water plant at Douglas Point, Ontario.

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal monthly instalments over 17 years, with the final instalment on December 31, 1992.

Commercial products division

Loans have been made to finance the construction of manufacturing facilities and a laboratory at South March, Ontario.

The loans bear interest at rates from 6.687% to 7.625% per annum, and are repayable in equal monthly instalments over 20 years, with final instalments due September 30, 1992.

Gentilly II nuclear power station

Loans have been made to finance a share in the construction of the CANDU-PHW 600 generating station at Gentilly, under an agreement with the Province of Quebec and Hydro-Quebec.

The loan, consolidated in 1983-84, bears interest at the rate of 9.18% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 7, 2008.

Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate established every May 1 and November 1 by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

Lepreau nuclear station

Loans have been made to finance a share in the construction of the nuclear generating station at Lepreau.

The loan, consolidated in 1980-81, bears interest at the rate of 9.706% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 1, 2008.

Canadian National Railway Company

The Corporation was established by the Canadian National Railways Act, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1.8 million from budgetary appropriations.

The Corporation paid interest of \$13.8 million and dividends of \$56.5 million to the Government in 1990-91.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Consolidated loan

The loan bears interest at the rate of 8.75% per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

Petro-Canada

Petro-Canada Inc. (a subsidiary of Petro-Canada) was initially incorporated under the Canada Business Corporations Act, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

On February 1, 1991, the Petro-Canada Public Participation Act received Royal Assent. This Act changed the name of Petro-Canada Inc. to Petro-Canada, a new parent Crown corporation. All operating subsidiaries were transferred to the new corporation. The former Petro-Canada was renamed Petro-Canada Limited (see following account). The shares of the new operating corporation, Petro-Canada, were transferred to the Minister of State (Finance and Privatization). The new corporation undertook an initial public offering of the treasury shares which closed on July 3, 1991. As of March 31, 1991, all the issued common shares were still owned by the Government of Canada.

The Corporation is not an agent of Her Majesty, reports through the Minister of State (Finance and Privatization), and is listed in Part II of Schedule III of the Financial Administration Act.

The Government's investment in the capital of the Corporation is recorded in this account.

Petro-Canada Limited

Initially, Petro-Canada was incorporated under the Petro-Canada Act. It was reorganized by the Petro-Canada Public Participation Act which received Royal Assent on February 1, 1991. This Act renamed Petro-Canada as Petro-Canada Limited. Petro-Canada Limited holds Canada's interest in Petro-Canada International Assistance Corporation and the Government-guaranteed outstanding debt of Petro-Canada, the new operating company (see above account). Steps are being taken to dissolve Petro-Canada International Assistance Corporation. The Petro-Canada Public Participation Act also allows for the eventual dissolution of Petro-Canada Limited.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, Petro-Canada International Assistance Corporation (a wholly-owned subsidiary of Petro-Canada Limited) received financial assistance of \$43 million from budgetary appropriations.

In 1990-91, the Government received a dividend payment of \$35 million from the former Petro-Canada Inc., through Petro-Canada Limited.

Bank of Canada

The Bank of Canada was established by the Bank of Canada Act, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by Section 17 of the Bank of Canada Act. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$2,808.5 million to the Government.

Canada Development Investment Corporation

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of State (Finance and Privatization), and is listed in Part II of Schedule III of the Financial Administration Act.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

During the year, the Corporation paid dividends of \$7.9 million to the Government.

Canada Ports Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$20 million from budgetary appropriations.

Under the authority of the Canada Ports Corporation Act, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation. A summary of the balances and transactions for the loans made to various harbours follows:

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Belledune	815,345	53,210		762,135
Chicoutimi	590,673	33,475		557,198
	1,406,018	86,685		1,319,333

The loans bear interest at rates from 6.44% to 9.09% per annum, and are repayable in equal annual instalments over 20 years, with final instalments on December 31, 2000.

During the year, the Corporation paid interest of \$106,200, dividends of \$173,518, and a cash contribution of \$20.4 million to the Government.

Saint John Harbour Bridge Authority

Loans have been made to the Saint John Harbour Bridge Authority in respect of a vehicular bridge across the harbour of Saint John. An agreement between Canada, the Province of New Brunswick, the City of Saint John and the Saint John Harbour Bridge Authority, dated July 7, 1966, requires that debentures issued by the Authority and acquired by the Canada Ports Corporation shall be related exclusively to the financing of the total capital costs of the bridge.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. During the year, all loans were transferred to the Saint John Harbour Bridge Authority account under Table 6.18, Miscellaneous loans, investments and advances.

Canada Post Corporation

The Corporation was established by the Canada Post Corporation Act, to make postal services available to the public.

The Corporation is an agent of Her Majesty, reports through the Minister of State and Leader of the Government in the House of Commons, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$203.6 million from budgetary appropriations.

A loan has been made to the Corporation pursuant to Section 29 of the Canada Post Corporation Act, to finance capital and extraordinary restructuring costs. The aggregate amount of loans to be outstanding at any time shall not exceed \$500,000,000.

The loan bears interest at the rate of 9.705% per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million and dividends of \$59.5 million to the Government in 1990-91.

Canadian Broadcasting Corporation

The Corporation was established by the Broadcasting Act, to provide a national broadcasting service in both official languages, and an international broadcasting service predominantly Canadian in content and character.

The Corporation is an agent of Her Majesty and reports through the Minister of Communications.

During the year, the Corporation received financial assistance of \$1,078.4 million from budgetary appropriations.

Advances have been made to the Corporation for purposes of working capital. The total amount authorized to be outstanding at any time is \$33,000,000.

The advances are non-interest bearing and are repayable using the amounts on hand (cash and marketable securities) which, at any time, are in excess of what is required by the Corporation for working capital purposes.

Canadian Dairy Commission

The Corporation was established by the Canadian Dairy Commission Act, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$268.5 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 12.165% to 13.922% per annum, and are repayable within 1 year.

The Corporation paid interest of \$8.3 million to the Government in 1990-91.

Canadian National (West Indies) Steamships Ltd

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to provide steamship services between Canada and the West Indies.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule III of the Financial Administration Act. The Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Steps have been initiated to wind-up the Corporation and assign the accounts receivable to the Minister of Finance. As of the year end, however, dissolution had not taken place because of unresolved legal implications with the BankAmerica Canada and the United States Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Advances

The advances are repayable from moneys to be received upon collection of the final instalment on the sale of the eight vessels to Cuban interests which was due to be paid August 19, 1963 by an irrevocable letter of credit issued through the BankAmerica International. However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective which prohibited the BankAmerica International from honouring payment of the draft. Since that time, negotiations to obtain a preferred status, in order to collect the receivable, have not been successful. It is the opinion of management, based on legal counsel, that these moneys plus applicable interest will be collected when the regulations are repealed.

A waiver of the application of the statute of limitations has been obtained until January 1, 1993, and further extensions will be obtained as required.

Canadian Saltfish Corporation

The Corporation was established by the Saltfish Act, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Saltfish Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable within 1 year, bearing interest at the rate of 9.344% per annum, with final instalment due February 11, 1992, \$30,500,000; and,
- (b) repayable over 10 years, bearing interest at the rate of 10.94% per annum, with the final instalment on March 30, 2000, \$900,000.

During the year, the Corporation paid interest of \$4.6 million to the Government.

Cape Breton Development Corporation

The Corporation was established by the Cape Breton Development Corporation Act, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$31.9 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

The advances are non-interest bearing and have no fixed repayment dates.

Freshwater Fish Marketing Corporation

The Corporation was established by the Freshwater Fish Marketing Act, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Freshwater Fish Marketing Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, was decreased from \$30,000,000 to \$26,000,000 in 1990-91.

The loan bears interest at the rate of 9.83% per annum, and is repayable on April 12, 1991.

During the year, the Corporation paid interest of \$3.1 million to the Government.

Halifax Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Halifax.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Halifax.

The remaining loan bears interest at the rate of 10% per annum, and is repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1996.

During the year, the Corporation paid interest of \$348,618, dividends of \$0.8 million and a cash contribution of \$2.9 million to the Government.

Harbourfront Corporation

The Corporation was incorporated pursuant to the Business Corporations Act of Ontario and continued under the Canada Business Corporations Act; to:

- (a) develop, manage and operate the Harbourfront site in accordance with a development framework approved by the Government; and,
- (b) initiate, conduct or sponsor cultural, recreational, scientific and educational programs which, in its view, are of advantage to the public.

The Corporation is not an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule III of the Financial Administration Act. The Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution or Transfer Authorization Act, passed by the House of Commons on May 23, 1991.

During the year, the Corporation received financial assistance of \$3.6 million from budgetary appropriations.

In 1990-91, the loans were authorized by Public Works Vote L17c, Appropriation Act No 4, 1990-91 for interim financing until the loans can be repaid from the proceeds from the sale of the key residual development sites.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 10.46% per annum, repayable at maturity on January 10, 1996, \$2,200,000; and,
- (b) bearing interest at the rate of 9.49% per annum, repayable at maturity on April 3, 1996, \$1,500,000.

Mingan Associates, Ltd

The Corporation was established by letters patent, granted under the laws of the Province of Quebec.

The Corporation is not an agent of Her Majesty, reports through the Minister of Indian Affairs and Northern Development, and is listed in Part I of Schedule III of the Financial Administration Act. The Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution or Transfer Authorization Act, passed by the House of Commons on May 23, 1991.

In 1983-84, the Government purchased all of the 21,606 common shares without par value of the Corporation for an amount of \$355,000, which was charged to budgetary expenditure (Indian Affairs and Northern Development Vote 10). These shares were purchased to gain ownership of a parcel of land owned by the Corporation which was required to be converted into reserve land.

Montreal Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$410,064, dividends of \$2.7 million and a cash contribution of \$24.7 million to the Government.

Prince Rupert Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates of 9.8% to 9.86% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$4,419,871; and,
- (b) bearing interest at the rate of 10.46% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$12,760,000.

During the year, the Corporation paid interest of \$1.6 million and dividends of \$248,030 to the Government.

Royal Canadian Mint

The Corporation was established by the Royal Canadian Mint Act, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the Financial Administration Act.

Capital stock

Section 3.1(1) of the Royal Canadian Mint Act states that the authorized capital of the Mint is \$40,000,000 divided into four thousand shares of ten thousand dollars each. All authorized capital has been issued.

Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25% to 12% per annum, and are repayable annually, with final instalments between April 1, 1995 and April 1, 1998.

During the year, the Corporation paid interest of \$1.5 million, transferred profit of \$109,277 and paid a dividend of \$2.3 million to the Government.

Saint John Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11% to 11.875% per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$10,817,600;
- (b) bearing interest at the rate of 12.43% per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625% per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$1.5 million and a cash contribution of \$3.7 million to the Government.

St John's Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of St John's.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of St John's.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 9.33% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000, \$1,253,280;
- (b) bearing interest at the rate of 10.015% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1997, \$792,432;
- (c) bearing interest at the rate of 9.785% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$650,255; and,
- (d) bearing interest at the rate of 9.375% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$216,158.

During the year, the Corporation paid interest of \$301,480 and dividends of \$23,752 to the Government.

Vancouver Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$280,070, dividends of \$8.7 million and a cash contribution of \$35.7 million to the Government.

VIA Rail Canada Inc

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to revitalize passenger rail services in Canada, and to manage and market them on an efficient commercial basis, reducing the financial burden on the Government.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$441.5 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is recorded in this account.

Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 6.4 to 6.6 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part II of Schedule III of the Financial Administration Act.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between those relating to outside parties, Government and other Crown corporations as well as other adjustments and dividends paid to outside parties. These adjustments may increase or reduce the amount of income accruing to the Government. Equity transactions with the Government include dividends declared, transfers of profits to the Government and non-current financial assistance provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. Volume III of the Public Accounts includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1991 is presented in Table 6.7.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.1 million as at March 31, 1991. A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 6.8. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 6.9. Contingent liabilities of enterprise Crown corporations are presented in Table 6.10.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1991 is provided in Table 6.11. Differences in figures reported in Table 6.6 and those reported in Table 6.11 result from the use of different accounting policies and from items in transit.

TABLE 6.4

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT

(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS AND LIABILITIES AND EQUITY						
AS AT MARCH 31, 1991						
Assets						
Financial						
Outside parties	2,726,746	1,261,356	22,553,438	7,141,480	71,843	33,754,863
Government and other Crown corporations	2,285,362	22,012,496	919,168	270,265	40,375	25,527,666
Total financial assets	5,012,108	23,273,852	23,472,606	7,411,745	112,218	59,282,529
Physical assets and deferred charges	15,227,295	179,144	436,393	1,137,143	903,625	17,883,600
Total assets	20,239,403	23,452,996	23,908,999	8,548,888	1,015,843	77,166,129
Liabilities						
Outside parties						
Borrowings	4,924,331		9,083,809	6,449,960	1,570	20,459,670
Bank of Canada notes in circulation and amounts owing to depositors		22,974,297				22,974,297
Other liabilities	4,072,981	157,539	1,577,595	1,931,705	68,278	7,808,098
Government and other Crown corporations	3,147,835	291,160	12,351,412	147,480	40,213	15,978,100
Total liabilities	12,145,147	23,422,996	23,012,816	8,529,145	110,061	67,220,165
Equity of Canada	8,094,256	30,000	896,183	19,743	905,782	9,945,964
Total liabilities and equity	20,239,403	23,452,996	23,908,999	8,548,888	1,015,843	77,166,129
Contingent liabilities	355,350		110,114	8,676	855	474,995
REVENUES, EXPENSES AND CHANGES IN EQUITY						
FOR THE YEAR ENDED MARCH 31, 1991						
Revenues						
Outside parties	13,578,431		2,684,829	5,263,812	347,985	21,875,057
Government and other Crown corporations						
Financial assistance	188,341		15,026	44,104	2,012	249,483
Other	1,296,714	2,615,177	143,351	17,367	10,665	4,083,274
Total revenues	15,063,486	2,615,177	2,843,206	5,325,283	360,662	26,207,814
Expenses						
Outside parties	13,558,813	206,700	1,463,771	5,289,922	432,823	20,952,029
Government and other Crown corporations	1,321,461		1,027,121	34,552	3,978	2,387,112
Total expenses	14,880,274	206,700	2,490,892	5,324,474	436,801	23,339,141
Net income/loss(-) for the year	183,212	2,408,477	352,314	809	-76,139	2,868,673
Adjustments	-373,824				-52,628	-426,452
Government share of income/loss (-)	-190,612	2,408,477	352,314	809	-128,767	2,442,221
Equity transactions with the Government	-262,818	-2,408,477	208,571	13,570	32,136	-2,417,018
Equity of Canada, beginning of the year	8,547,686	30,000	335,298	5,364	1,002,413	9,920,761
Equity of Canada, end of the year	8,094,256	30,000	896,183	19,743	905,782	9,945,964

Notes to Table 6.5 are an integral part of this table.

TABLE 6.5

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS —ASSETS AND LIABILITIES
AS AT MARCH 31, 1991
(in thousands of dollars)

	Assets			Total
	Financial	Government and other Crown corporations	Physical assets and deferred charges	
Enterprise Crown corporations ⁽¹⁾	Outside parties			
Competitive, self-sustaining				
Canada Development Investment Corporation ⁽²⁾	440,329	5,500	2,981	448,810
Nordion International Inc.	39,474	355	173,679	213,508
Theratronics International Limited	14,578		17,190	31,768
Canada Ports Corporation	1,831	74,594	40,677	117,102
Canada Post Corporation	431,220	165,789	2,064,951	2,661,960
Canadian National Railway System	546,360	148,258	6,389,463	7,084,081
Halifax Port Corporation	3,213	6,102	58,877	68,192
Montreal Port Corporation	11,222	34,693	167,795	213,710
Petro-Canada ⁽³⁾	1,193,997	55,323	5,777,809	7,027,129
Petro-Canada Limited ⁽³⁾		1,702,049		1,702,049
Port of Quebec Corporation	3,353	901	56,243	60,497
Prince Rupert Port Corporation	3,246	5,679	103,777	112,702
Royal Canadian Mint	20,398	1,660	81,957	104,015
Saint John Port Corporation	1,287	11,674	76,281	89,242
St John's Port Corporation	424	2,894	13,967	17,285
Steglobe Canada ⁽⁴⁾	304	5		309
Vancouver Port Corporation	15,510	69,886	201,648	287,044
<i>Total-Competitive, self-sustaining</i>	<i>2,726,746</i>	<i>2,285,362</i>	<i>15,227,295</i>	<i>20,239,403</i>
<i>Bank of Canada</i>	<i>1,261,356</i>	<i>22,012,496</i>	<i>179,144</i>	<i>23,452,996</i>
Lending and Insurance				
Canada Deposit Insurance Corporation	536,231	41,300	1,144	578,675
Canada Mortgage and Housing Corporation	8,669,491	7,262	57,711	8,734,464
Insurance Programs	176,086	847,227	130,001	1,153,314
Export Development Corporation	6,837,891	5,156		6,843,047
Farm Credit Corporation	3,573,749		236,633	3,810,382
Federal Business Development Bank	2,759,990	18,223	10,904	2,789,117
<i>Total-Lending and insurance</i>	<i>22,553,438</i>	<i>919,168</i>	<i>436,393</i>	<i>23,908,999</i>
Marketing				
Canadian Commercial Corporation	985,958	234		986,192
Canadian Dairy Commission				
Marketing operations	22,565	44,869	136,446	203,880
Canadian Saltfish Corporation	5,454	38	2,939	8,431
Canadian Wheat Board, The	6,121,113	225,096	986,004	7,332,213
Freshwater Fish Marketing Corporation	6,390	28	11,754	18,172
<i>Total-Marketing</i>	<i>7,141,480</i>	<i>270,265</i>	<i>1,137,143</i>	<i>8,548,888</i>
Other				
Atlantic Pilotage Authority	639	5	1,289	1,933
Cape Breton Development Corporation	29,204	12,325	369,766	411,295
Great Lakes Pilotage Authority, Ltd	400		35	435
Laurentian Pilotage Authority	3,043		525	3,568
Pacific Pilotage Authority	3,700		747	4,447
St. Lawrence Seaway Authority, The	34,418	28,045	531,031	593,494
Seaway International Bridge Corporation Ltd, The	439		232	671
<i>Total-Other</i>	<i>71,843</i>	<i>40,375</i>	<i>903,625</i>	<i>1,015,843</i>
Total-Enterprise	33,754,863	25,527,666	17,883,600	77,166,129

⁽¹⁾ All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation, Ltd which is an unconsolidated subsidiary.

⁽²⁾ Canada Development Investment Corporation (CDIC): During 1988, the operating assets of Canada Eldor Inc. (CEI) (formerly Eldorado Nuclear Limited) were transferred to Cameco - A Canadian Mining & Energy Corporation (Cameco) in exchange for notes and a 38.5% interest in Cameco. Also during 1988, the Corporation acquired two subsidiaries from Atomic Energy of Canada Limited - Nordion International Inc. (Nordion) and Theratronics International Limited (Theratronics). On December 12, 1989, Bill C-13, an Act authorizing the divestiture of Nordion and Theratronics by CDIC was passed by the House of Commons. Pursuant to a directive received from the Government, CDIC acquired a 51% interest in Ginn Publishing Canada Inc. (Ginn) on May 26, 1989. The financial statements of Cartierville Financial Corporation Inc. (CFC) and CEI, have been consolidated with those of CDIC. The earnings of Nordion, Theratronics and Ginn and/or gains or losses on dispositions do not accrue to the benefit of CDIC; therefore, the investment is carried at the lower of cost and net realizable value.

Liabilities					
Outside parties		Government and other Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
611,706	48,669	158,432	818,807	-369,997	448,810
506	60,842	5,756	67,104	146,404	213,508
1,553	17,636	551	19,740	12,028	31,768
	7,857	11,278	19,135	97,967	117,102
55,000	920,867	241,175	1,217,042	1,444,918	2,661,960
1,861,273	1,529,481	214,951	3,605,705	3,478,376	7,084,081
	2,573	3,194	5,767	62,425	68,192
	14,588	6,540	21,128	192,582	213,710
718,225	1,387,048	2,391,915	4,497,188	2,529,941	7,027,129
1,656,372	45,628	49	1,702,049		1,702,049
	3,800	111	3,911	56,586	60,497
	478	68,755	69,233	43,469	112,702
	20,268	16,566	36,834	67,181	104,015
19,696	1,608	21,905	43,209	46,033	89,242
	596	3,060	3,656	13,629	17,285
		21	21	288	309
	11,042	3,576	14,618	272,426	287,044
4,924,331	4,072,981	3,147,835	12,145,147	8,094,256	20,239,403
	23,131,836	291,160	23,422,996	30,000	23,452,996
	1,284	1,256,206	1,257,490	-678,815	578,675
	80,045	8,604,419	8,684,464	50,000	8,734,464
	943,772	4,528	948,300	205,014	1,153,314
5,684,555	353,112		6,037,667	805,380	6,843,047
1,128,391	49,708	2,485,719	3,663,818	146,564	3,810,382
2,270,863	149,674	540	2,421,077	368,040	2,789,117
9,083,809	1,577,595	12,351,412	23,012,816	896,183	23,908,999
	939,332	1,551	940,883	45,309	986,192
	128,277	75,603	203,880		203,880
	2,564	31,433	33,997	-25,566	8,431
6,449,293	853,927	28,993	7,332,213		7,332,213
667	7,605	9,900	18,172		18,172
6,449,960	1,931,705	147,480	8,529,145	19,743	8,548,888
	1,072	10	1,277	656	1,933
	28,635	40,149	68,784	342,511	411,295
	3,655		3,655	-3,220	435
1,367	4,786		6,153	-2,585	3,568
	2,304		2,304	2,143	4,447
	27,171	54	27,225	566,269	593,494
8	655		663	8	671
1,570	68,278	40,213	110,061	905,782	1,015,843
20,459,670	30,782,395	15,978,100	67,220,165	9,945,964	77,166,129

⁽³⁾ On February 1, 1991, the Petro-Canada Public Participation Act received Royal Assent. The Act provides that: the name of the Corporation be changed from Petro-Canada to Petro-Canada Limited, the name of the former principal operating subsidiary of the Corporation is changed from Petro-Canada Inc. to Petro-Canada, and the shares of Petro-Canada held by the Corporation are transferred to the Minister of State (Finance and Privatization).

⁽⁴⁾ On April 4, 1987, the Teleglobe Canada Reorganization and Divestiture Act received Royal Assent pursuant to the letter of intent signed February 11, 1987 selling the assets of Teleglobe Canada to Memotec Data Inc. The Corporation is potentially liable for bills of exchange. The liability amounts to \$11,848,341 (\$23,881,517) as at March 31, 1991 and matures in 1993.

TABLE 6.6

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1991

(in thousands of dollars)

Enterprise Crown corporations	Revenues			
	Outside parties	Government and Crown corporations		Total
		Financial assistance ⁽¹⁾	Other	
Competitive, self-sustaining				
Canada Development Investment Corporation	54,167		1,605	55,772
Nordion International Inc.	110,655		1,615	112,270
Theratronics International Limited	47,795		7,132	54,927
Canada Ports Corporation	6,636		9,396	16,032
Canada Post Corporation	3,399,171	148,500	237,536	3,785,207
Canadian National Railway System	3,550,994		485,240	4,036,234
Halifax Port Corporation	14,531		986	15,517
Montreal Port Corporation	49,374		13,212	62,586
Petro-Canada	5,689,399		147,800	5,837,199
Petro-Canada Limited		39,841	347,000	386,841
Port of Quebec Corporation	11,236		3,294	14,530
Prince Rupert Port Corporation	14,276		937	15,213
Royal Canadian Mint	555,728		28,770	584,498
Saint John Port Corporation	11,939		1,618	13,557
St John's Port Corporation	3,293		388	3,681
Teleglobes Canada	38			38
Vancouver Port Corporation	59,199		10,185	69,384
<i>Total-Competitive, self-sustaining</i>	<i>13,578,431</i>	<i>188,341</i>	<i>1,296,714</i>	<i>15,063,486</i>
<i>Bank of Canada</i>			<i>2,615,177</i>	<i>2,615,177</i>
Lending and insurance				
Canada Deposit Insurance Corporation	283,233		3,269	286,502
Canada Mortgage and Housing Corporation	744,895		59,220	804,115
Insurance Programs	210,619		79,820	290,439
Export Development Corporation	633,740		1,042	634,782
Farm Credit Corporation	426,242			426,242
Federal Business Development Bank	386,100	15,026		401,126
<i>Total-Lending and insurance</i>	<i>2,684,829</i>	<i>15,026</i>	<i>143,351</i>	<i>2,843,206</i>
Marketing				
Canadian Commercial Corporation	704,353	14,917		719,270
Canadian Dairy Commission				
Marketing operations	342,720		16,567	359,287
Canadian Saltfish Corporation	35,005		800	35,805
Canadian Wheat Board, The	4,129,667	29,187		4,158,854
Freshwater Fish Marketing Corporation	52,067			52,067
<i>Total-Marketing</i>	<i>5,263,812</i>	<i>44,104</i>	<i>17,367</i>	<i>5,325,283</i>
Other				
Atlantic Pilotage Authority	7,290		10	7,300
Cape Breton Development Corporation	201,857		5,044	206,901
Great Lakes Pilotage Authority, Ltd	8,190			8,190
Laurentian Pilotage Authority	28,242	2,012		30,254
Pacific Pilotage Authority	30,348			30,348
St. Lawrence Seaway Authority, The	69,558		5,611	75,169
Seaway International Bridge Corporation Ltd, The	2,500			2,500
<i>Total-Other</i>	<i>347,985</i>	<i>2,012</i>	<i>10,665</i>	<i>360,662</i>
Total-Enterprise	21,875,057	249,483	4,083,274	26,207,814

Notes to Table 6.5 are an integral part of this table.

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$107,285 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.11 because of differences resulting from the different accounting policies followed.

Expenses								
Outside parties	Government and Crown corporations	Total	Income/or loss(-)	Adjustments	Government share of net income/or loss(-)	Equity transactions with Government	Equity beginning of year	Equity end of year
86,126		86,126	-30,354		-30,354	-166,036	-173,607	-369,997
70,877	24,870	95,747	16,523		16,523	129,881		146,404
51,188	3,578	54,766	161		161	11,867		12,028
20,806	-6,732	14,074	1,958		1,958	-17,078	113,087	97,967
3,326,023	444,842	3,770,865	14,342		14,342	-59,520	1,490,096	1,444,918
3,893,863	208,847	4,102,710	-66,476		-66,476	-1,547	3,546,399	3,478,376
10,930	1,167	12,097	3,420		3,420	-3,699	62,704	62,425
47,303	4,784	52,087	10,499		10,499	-27,345	209,428	192,582
5,144,100	608,952	5,753,052	84,147	-187,031	-102,884	-149,000	2,781,825	2,529,941
282,841		282,841	104,000	-187,000	-83,000	83,000		
13,290	804	14,094	436		436	-11,410	67,560	56,586
12,253	1,769	14,022	1,191		1,191	-248	42,526	43,469
550,633	22,567	573,200	11,298		11,298	-2,300	58,183	67,181
10,547	2,433	12,980	577	207	784	-4,910	50,159	46,033
2,279	640	2,919	762		762	-24	12,891	13,629
48	-4	44	-6		-6		294	288
35,706	2,944	38,650	30,734		30,734	-44,449	286,141	272,426
13,558,813	1,321,461	14,880,274	183,212	-373,824	-190,612	-262,818	8,547,686	8,094,256
206,700		206,700	2,408,477		2,408,477	-2,408,477	30,000	30,000
-75,553	153,027	77,474	209,028		209,028		-887,843	-678,815
219,129	577,357	796,486	7,629		7,629	-7,629	50,000	50,000
108,209	77,380	185,589	104,850		104,850		100,164	205,014
637,616	-10,533	627,083	7,699		7,699	16,200	781,481	805,380
175,174	230,624	405,798	20,444		20,444	200,000	-73,880	146,564
399,196	-734	398,462	2,664		2,664		365,376	368,040
1,463,771	1,027,121	2,490,892	352,314		352,314	208,571	335,298	896,183
704,022	8,561	712,583	6,687		6,687	-1,430	40,052	45,309
340,375	18,912	359,287						
36,690	4,993	41,683	-5,878		-5,878	15,000	-34,688	-25,566
4,158,854		4,158,854						
49,981	2,086	52,067						
5,289,922	34,552	5,324,474	809		809	13,570	5,364	19,743
7,615	20	7,635	-335		-335	200	791	656
272,818		272,818	-65,917	-52,628	-118,545	31,910	429,146	342,511
9,844		9,844	-1,654		-1,654		-1,566	-3,220
31,244		31,244	-990		-990	36	-1,631	-2,585
30,192		30,192	156		156		1,987	2,143
79,275	3,293	82,568	-7,399		-7,399	-10	573,678	566,269
1,835	665	2,500					8	8
432,823	3,978	436,801	-76,139	-52,628	-128,767	32,136	1,002,413	905,782
20,952,029	2,387,112	23,339,141	2,868,673	-426,452	2,442,221	-2,417,018	9,920,761	9,945,964

Borrowings by Agent Enterprise Crown Corporations

Table 6.7 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1991, an allowance for borrowings expected to be repaid by the Government was established at \$3,550 million.

Borrowings by non-agent enterprise Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 6.8 provides information on borrowings of such corporations.

TABLE 6.7

BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1990	Borrowings and other credits	Repayments and other charges	Balance March 31/1991
Canada Development Investment Corporation	566,320	45,386		611,706
Canada Post Corporation		55,000		55,000
Canadian Wheat Board, The	4,354,413	21,153,816	19,058,936	6,449,293
Export Development Corporation	5,802,119	70,670,443	70,788,007	5,684,555
Farm Credit Corporation	1,215,613	585,196	672,418	1,128,391
Federal Business Development Bank	2,299,374	2,767,349	2,795,860	2,270,863
Freshwater Fish Marketing Corporation		690	23	667
Petro-Canada Limited	2,450,354	4,743,998	5,537,980	1,656,372
Saint John Port Corporation	19,696			19,696
Seaway International Bridge Corporation, Ltd., The	8			8
Teleglobe Canada ⁽⁴⁾				
Total	16,707,897	100,021,878	98,853,224	17,876,551
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government	-3,550,000			-3,550,000
Borrowings expected to be repaid by agent enterprise Crown corporations reported on the Statement of Assets and Liabilities	13,157,897	100,021,878	98,853,224	14,326,551

Notes to Table 6.5 are an integral part of this table.

Borrowings by Enterprise Crown Corporations

Table 6.8 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 6.8

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1990	Borrowings and other credits	Repayments and other charges	Balance March 31/1991
Borrowings by agent enterprise Crown corporations	16,707,897	100,021,878	98,853,224	17,876,551
Borrowings by non-agent enterprise Crown corporations--				
Atlantic Pilotage Authority	102	93		195
Canadian National Railway System	1,715,777	233,578	88,082	1,861,273
Laurentian Pilotage Authority	1,459		92	1,367
Nordion International Inc.	768		262	506
Petro-Canada		1,085,838	367,613	718,225
Theratronics International Limited		1,553		1,553
	1,718,106	1,321,062	456,049	2,583,119
Total	18,426,003	101,342,940	99,309,273	20,459,670

Notes to Table 6.5 are an integral part of this table.

Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 6.9 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1991.

TABLE 6.9

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1992	8,918,937	894,572	9,813,509
1993	3,860,294	77,492	3,937,786
1994	1,303,116	153,882	1,456,998
1995	682,667	332,868	1,015,535
1996	629,416	218,530	847,946
1997/2001	1,249,045	480,579	1,729,624
2002/2006	232,000	371,840	603,840
2007 and after	1,001,076	53,356	1,054,432
Total	17,876,551	2,583,119	20,459,670 ⁽¹⁾

Notes to Table 6.5 are an integral part of this table.

⁽¹⁾ The borrowings are composed of U.S. \$10,703,601 £ 2,024 , SF 226,672 , ¥ 225,375 , Austl \$23,172 , Italian (Lira) 11,552 , DM 193,627 , ECU 240,614 , and \$8,833,033 Cdn.

Contingent Liabilities of Enterprise Crown Corporations

Table 6.10 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 6.10

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS (in thousands of dollars)

	March 31, 1991
Agent enterprise Crown corporations	
Canada Mortgage and Housing Corporation-insulation claims and other litigation	53,000
Canada Ports Corporation-miscellaneous litigation	3,459
Canadian Commercial Corporation-contract damages	8,676
Export Development Corporation-loan guarantees and loans with recourse	56,039
Federal Business Development Bank-loan guarantees	1,075
Halifax Port Corporation-miscellaneous litigation	1,645
Montreal Port Corporation-miscellaneous litigation	3,000
Port of Quebec Corporation-miscellaneous litigation	6,000
St John's Port Corporation-miscellaneous litigation	364
St Lawrence Seaway Authority-claims for damages	88,000
Teleglobe Canada-guaranteed bills of exchange	23,882
	245,140
Non-agent enterprise Crown corporations	
Atlantic Pilotage Authority-miscellaneous litigation	855
Petro-Canada Inc.-loan guarantee	229,000
	229,855
Total	474,995

Notes to Table 6.5 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 6.11 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 6.6. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 6.11

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1991 (in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
<u>Agent enterprise Crown corporations</u>			
Canada Ports Corporation	20,008	20,008	
Canada Post Corporation ⁽²⁾	203,593	203,593	
Canadian Commercial Corporation	14,917	14,917	
Canadian Dairy Commission	3,642	3,642	
Canadian Wheat Board, The	29,187	29,187	
Cape Breton Development Corporation	31,910	31,910	
Export Development Corporation ⁽³⁾	176,124	176,124	
Federal Business Development Bank	15,838	15,838	
Petro-Canada Limited	43,000	43,000	
St Lawrence Seaway Authority, The	27,300	27,300	
	565,519	565,519	
<u>Non-agent enterprise Crown corporations</u>			
Atlantic Pilotage Authority	200	200	
Canadian National Railway System	1,778	1,778	
Great Lakes Pilotage Limited	1,444	1,444	
Laurentian Pilotage Authority	2,131	2,131	
	5,553	5,553	
Total	571,072	571,072	

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes payment of \$55,093 for costs associated with cultural publication mailings.

⁽³⁾ Payment made pursuant to Section 32 of the Export Development Act concerning the concessional (Canada Account) loans.

PROVINCIAL AND TERRITORIAL GOVERNMENTS

This group records loans to provinces made under relief acts and other legislation.

Table 6.12 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
NEWFOUNDLAND—				
Atlantic Canada Opportunities Agency—				
Special areas and highways agreement	24,802,598	3,179,647		21,622,951
Finance—				
Federal-provincial employment loans				
program	3,661,214			3,661,214
Federal-provincial fiscal arrange-				
ments	71,232,000	38,751,289	3,375,000	35,855,711
Municipal Development and Loan				
Board	4,382,583	215,494		4,167,089
Special development loans program	6,700,000			6,700,000
Winter capital projects fund	6,912,782	19,676		6,893,106
	92,888,579	38,986,459	3,375,000	57,277,120
Industry, Science and Technology—				
Atlantic Development Board carry-over				
projects	839,762	48,177		791,585
Atlantic Provinces Power Development				
Act	68,748,300	2,542,474		66,205,826
	69,588,062	2,590,651		66,997,411
Total Newfoundland	187,279,239	44,756,757	3,375,000	145,897,482
NOVA SCOTIA—				
Atlantic Canada Opportunities Agency—				
Special areas and highways agreement	15,433,379	1,968,456		13,464,923
Energy, Mines and Resources—				
Regional electrical interconnec-				
tions	2,401,920	40,724		2,361,196
Finance—				
Federal-provincial employment loans				
program	802,371	234,993		567,378
Federal-provincial fiscal arrange-				
ments	57,724,000	76,626,000		-18,902,000
Municipal Development and Loan				
Board	952,099	101,789		850,310
Special development loans program	4,300,000			4,300,000
Winter capital projects fund	3,019,979	401,618		2,618,361
	66,798,449	77,364,400		-10,565,951
Industry, Science and Technology—				
Atlantic Development Board carry-over				
projects	3,288,662	201,609		3,087,053
Atlantic Provinces Power Development				
Act	33,666,864	2,275,849		31,391,015
	36,955,526	2,477,458		34,478,068
Total Nova Scotia	121,589,274	81,851,038		39,738,236
PRINCE EDWARD ISLAND—				
Atlantic Canada Opportunities Agency—				
Comprehensive development plan agreement	10,466,927	404,734		10,062,193
Finance—				
Federal-provincial employment loans				
program	117,973	21,735		96,238
Federal-provincial fiscal arrange-				
ments	9,798,000	7,445,000	414,000	2,767,000
Municipal Development and Loan				
Board	591,655	33,569		558,086
Special development loans program	70,915	34,340		36,575
Winter capital projects fund	800,903	39,381		761,522
	11,379,446	7,574,025	414,000	4,219,421
Industry, Science and Technology—				
Atlantic Development Board carry-over				
projects	18,766	1,534		17,232
Total Prince Edward Island	21,865,139	7,980,293	414,000	14,298,846

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Continued*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
NEW BRUNSWICK—				
Atlantic Canada Opportunities Agency— Special areas and highways agreement	29,838,692	3,029,458		26,809,234
Energy, Mines and Resources— Regional electrical intercon- nections	4,546,189	76,784		4,469,405
Finance— Federal-provincial employment loans program	5,469,554	658,177		4,811,377
Federal-provincial fiscal arrange- ments	31,853,830	31,853,830	28,796,000	28,796,000
Municipal Development and Loan Board	4,971,960	2,471,438		2,500,522
Special development loans program	5,375,000			5,375,000
Winter capital projects fund	9,069,091	122,419		8,946,672
	56,739,435	35,105,864	28,796,000	50,429,571
Industry, Science and Technology— Atlantic Development Board carry-over projects	675,604	47,756		627,848
Atlantic Provinces Power Development Act	33,795,530	2,176,075		31,619,455
	34,471,134	2,223,831		32,247,303
Total New Brunswick	125,595,450	40,435,937	28,796,000	113,955,513
QUEBEC—				
Finance— Federal-provincial employment loans program	61,300,779			61,300,779
Federal-provincial fiscal arrange- ments			62,008,000	62,008,000
Municipal Development and Loan Board	37,284,355	2,368,246		34,916,109
Special development loans program	70,300,000	12,000,000		58,300,000
Winter capital projects fund	91,314,928			91,314,928
	260,200,062	14,368,246	62,008,000	307,839,816
Industry, Science and Technology— Special areas and highways agreement	89,541,083	2,968,838		86,572,245
Total Quebec	349,741,145	17,337,084	62,008,000	394,412,061
ONTARIO—				
Finance— Federal-provincial employment loans program	5,732,289	997,189		4,735,100
Municipal Development and Loan Board	7,718,716	1,163,395		6,555,321
Special development loans program	702,589	219,590		482,999
Winter capital projects fund	21,857,705	2,726,976		19,130,729
Total Ontario	36,011,299	5,107,150		30,904,149
MANITOBA—				
Agriculture— Agricultural service centres	4,902,464	496,010		4,406,454
Energy, Mines and Resources— Regional electrical intercon- nections	120,173,133	2,225,546		117,947,587
Finance— Federal-provincial employment loans program	1,880,259	161,891		1,718,368
Federal-provincial fiscal arrange- ments			27,686,000	27,686,000
Municipal Development and Loan Board	1,810,478	439,161		1,371,317
Special development loans program	1,851,949	578,818		1,273,131
Winter capital projects fund	1,830,121	170,332		1,659,789
	7,372,807	1,350,202	27,686,000	33,708,605
Western Economic Diversification— Special areas and highways agreement	2,022,231	253,864		1,768,367
Total Manitoba	134,470,635	4,325,622	27,686,000	157,831,013

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
SASKATCHEWAN—				
Agriculture—				
Agricultural service centres	4,630,112	393,143		4,236,969
Finance—				
Federal-provincial employment loans program	417,756	94,408		323,348
Federal-provincial fiscal arrange- ments			1,638,000	1,638,000
Municipal Development and Loan Board	415,919 833,675	141,539 235,947		274,380 2,235,728
Total Saskatchewan	5,463,787	629,090	1,638,000	6,472,697
ALBERTA—				
Finance—				
Federal-provincial employment loans program	1,505,019	449,543		1,055,476
Municipal Development and Loan Board	2,125,341 4,000,000	484,550		1,640,791 4,000,000
Special development loans program	2,441,917	424,939		2,016,978
Winter capital projects fund	10,072,277	1,359,032		8,713,245
Western Economic Diversification—				
Special areas and highways agreement	1,803,193	235,612		1,567,581
Total Alberta	11,875,470	1,594,644		10,280,826
BRITISH COLUMBIA—				
Finance—				
Federal-provincial employment loans program	5,302,591	1,193,764		4,108,827
Municipal Development and Loan Board	2,776,686 6,415,573	671,638 2,006,206		2,105,048 4,409,367
Winter capital projects fund	9,380,353	1,209,691		8,170,662
Total British Columbia	23,875,203	5,081,299		18,793,904
NORTHWEST TERRITORIES—				
Finance—				
Federal-provincial employment loans program	9,996	2,288		7,708
Winter capital projects fund	174,964 184,960	17,212 19,500		157,752 165,460
Indian Affairs and Northern Development—				
Government of the Northwest Territories	194,538	43,737		150,801
Total Northwest Territories	379,498	63,237		316,261
YUKON TERRITORY—				
Indian Affairs and Northern Development—				
Government of the Yukon Territory	5,000,360	809,970		4,190,390
Yukon Territory small business loans	92,549			92,549
Total Yukon Territory	5,092,909	809,970		4,282,939
Total	1,023,239,048	209,972,121	123,917,000	937,183,927

Special areas and highways agreement

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 5.768% to 10.164% per annum, and are repayable in equal annual instalments over the next 19 years, with final instalments between April 1, 1991 and March 31, 2009.

Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.51% to 7.44% per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between October 30, 1992 and November 30, 1994.

Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the Constitution Acts 1867 to 1982, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25% to 5.625% per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between April 1, 1991 and March 31, 2016.

Special development loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2% to 9.64% per annum, and are repayable either in annual or semi-annual instalments over 10 to 20 years, or at maturity, with final repayments between April 1, 1991 and March 30, 1993.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2% to 9.64% per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between March 31, 1992 and February 28, 1999.

Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board.

The loans bear interest at rates from 7.5% to 8.5% per annum, and are repayable over 8 to 15 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5% to 8.5% per annum, and are repayable in equal annual instalments over 1 to 23 years, with final instalments between March 31, 1992 and March 31, 2014.

Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

During the year, additional loans were authorized by Energy, Mines and Resources Vote L20, Appropriation Acts No 1 and No 2, 1990-91.

The loans bear interest at rates from 9% to 10% per annum, and are repayable in annual instalments over 29 to 31 years, with final instalments between March 31, 2008 and March 31, 2011.

Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688% to 9.375% per annum, and are repayable in equal instalments due at various anniversary dates, with final instalments by March 31, 2005.

Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 6.747% to 14.129% per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1992 and March 31, 2004.

Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Second mortgage . . .	93,537	14,017		79,520
Low cost housing . .	101,001	29,720		71,281
	194,538	43,737		150,801

The loans bear interest at rates from 5.375% to 8.875% per annum, and are repayable in equal annual instalments over 20 to 25 years, with final instalments between April 1, 1991 and August 27, 1996.

Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Second mortgage . . .	57,129	14,328		42,801
Low cost housing . . .	236,077	50,017		186,060
Capital expenditures .	669,772	63,373		606,399
Outside parties—				
Capital projects . . .	4,037,382	682,252		3,355,130
	5,000,360	809,970		4,190,390

The loans bear interest at rates from 5.375% to 12.5% per annum, and are repayable in equal annual instalments over 10 to 35 years, with final instalments between April 1, 1991 and November 24, 2003.

Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The loans bear interest at rates from 9% to 12% per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988. As of March 31, 1991, the loans have not been reimbursed in full.

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the Government of the United Kingdom under the United Kingdom Financial Agreement Act, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 6.13 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 6.13

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
China—Finance	49,426,118			49,426,118
Jamaica—Finance	25,000,000			25,000,000
United Kingdom—				
Finance—				
The United Kingdom Financial Agreement Act, 1946	369,081,439	30,328,626		338,752,813
Deferred principal	94,990,863			94,990,863
	464,072,302	30,328,626		433,743,676
Developing countries—				
External Affairs—Canadian International Development				
Agency—				
International development assistance	2,368,889,679	60,294,417	415,441	2,309,010,703
Development of export trade (loans administered by the				
Export Development Corporation)—External				
Affairs	587,716,717	196,169,791	266,823,281	658,370,207
National Defence—				
North Atlantic Treaty Organization—Damage claims				
recoverable	173,939	503,923	565,661	235,677
Total	3,495,278,755	287,296,757	267,804,383	3,475,786,381

China

A loan to China was authorized under the Export Credits Insurance Act.

Jamaica

A loan has been made to the Government of Jamaica, to provide economic assistance.

The loan agreement has been amended by the following Rescheduling Agreements:

- (a) the Rescheduling Agreement dated October 18, 1985, provided for the deferment of the principal repayment in the amount of \$5,000,000 due on August 9, 1985;
- (b) the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,
- (c) the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1988 and August 9, 1989.

United Kingdom

The United Kingdom Financial Agreement Act, 1946

Under authority of the United Kingdom Financial Agreement Act, a credit of \$1,250,000,000 was extended to the Government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2% per annum, with the final instalment on December 31, 2000.

Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

Developing countries—International development assistance

Loan assistance has been made to developing countries for international development assistance. Since April 1, 1986, loans under negotiated loan agreements in existence at March 31, 1986 were made under various budgetary authorities (including External Affairs Votes 35 and 35b, Appropriation Acts No 1, No 2 and No 3, 1990-91). Previous to this date, all loans to developing countries were paid under non-budgetary authority.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The closing balance of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments to all countries are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.13 as international development assistance to developing countries.

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
(a) 20 year term, 5 year grace period, 5% interest per annum, with final repayments between September 2000 and March 2001:				
Jamaica	4,499,073			4,499,073
Turkey	20,979,255	2,063,913		18,915,342
	25,478,328	2,063,913		23,414,415
(b) 30 year term, 7 year grace period, 3% interest per annum, with final repayments between September 1996 and January 2012:				
Barbados	15,540,524			15,540,524
Brazil	10,893,340	550,899		10,342,441
Chile	1,554,396	182,869		1,371,527
Colombia	15,529,728	934,753		14,594,975
Cuba	9,547,012			9,547,012
Dominican Republic	2,200,001			2,200,001
Egypt	47,826,088			47,826,088
Jamaica	32,665,520			32,665,520
Korea	325,839	43,445		282,394
Malaysia	8,792,419	714,427		8,077,992
Peru	337,617			337,617
Salvador, El	7,851,317	201,316		7,650,001
Trinidad	4,247,526		301,204	4,548,730
Turkey	6,414,131	428,261		5,985,870
	163,725,458	3,055,970	301,204	160,970,692
(c) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005:				
Salvador, El	2,358,974	257,918		2,101,056
(d) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007:				
Thailand	561,654	16,667		544,987

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
(e) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	14,771,974	684,541		14,087,433
Antigua	5,100,001			5,100,001
Argentina	513,333	18,666		494,667
Barbados	7,917,779			7,917,779
Belize	10,781,116	152,035		10,629,081
Bolivia	1,356,642	42,395		1,314,247
Brazil	616,966	20,888		596,078
Burma	8,306,202			8,306,202
Chile	2,764,356	98,060		2,666,296
Colombia	17,524,784	564,626		16,960,158
Costa Rica	23,118,847			23,118,847
Dominica	1,637,913			1,637,913
Dominican Republic	8,070,455	182,847		7,887,608
Ecuador	9,683,731	304,929		9,378,802
Egypt	57,599,945			57,599,945
Grenada	743,750			743,750
Guatemala	3,787,623			3,787,623
Guyana	37,205,028			37,205,028
Honduras	33,015,261			33,015,261
India	680,413,050	20,477,683		659,935,367
Indonesia	267,994,567	4,213,458		263,781,109
Jamaica	56,213,535			56,213,535
Malaysia	2,403,470	9,907		2,393,563
Malta	862,490	25,000		837,490
Mexico	76,212	2,771		73,441
Montserrat	623,457			623,457
Morocco	14,691,199			14,691,199
Nicaragua	18,357,040			18,357,040
Pakistan	577,267,310	18,543,018		558,724,292
Paraguay	539,896	19,996		519,900
Peru	22,529,872			22,529,872
Philippines	3,837,789			3,837,789
Salvador, El	1,170,010	45,010		1,125,000
St Lucia	452,649			452,649
St Vincent	982,000			982,000
Sri Lanka	160,556,871	3,925,399		156,631,472
Thailand	32,875,740	610,692		32,265,048
Trinidad	2,976,065		114,237	3,090,302
Tunisia	113,888,803	3,090,391		110,798,412
	2,203,227,731	53,032,312	114,237	2,150,309,656
(f) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	42,333,105	1,867,637		40,465,468
(g) 55 year term, 15 year grace period, non-interest bearing, with the final repayment in September 2036:				
Egypt	9,243,531			9,243,531
	2,446,928,781	60,294,417	415,441	2,387,049,805
Less: payments made under budgetary authority	78,039,102			78,039,102
	2,368,889,679	60,294,417	415,441	2,309,010,703

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

Similar assistance has been provided to developing countries by way of subscriptions to the capital of the International Development Association and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The closing balance of loans to national governments includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.13.

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
(a) 1 to 5 year term, 9.375% interest per annum, with final repayment in July 1986				
Peru	1,036,324			1,036,324
(b) 6 to 10 year term, 7.4% to 11.125% interest per annum, with final repayments between March 1993 and February 2002:				
Chile	3,343,485	423,117		2,920,368
Ecuador	13,840,348	804,417	1,911,200	14,947,131
Ethiopia	8,822,444	1,461,480	41,651	7,402,615
Ghana	4,740,810	1,649,680	60,651	3,151,781
Rwanda		1,874	836,277	834,403
Turkey	35,198,127	11,639,003		23,559,124
	65,945,214	15,979,571	2,849,779	52,815,422
(c) 11 to 15 year term, 0% to 14.5% interest per annum, with final repayments between June 1996 and June 2011:				
Argentina	129,450,000			129,450,000
Korea	123,419,712	16,666,667		106,753,045
Thailand	35,971,887	269,803	380,082	36,082,166
Turkey	258	3		255
Zambia	8,681,277			8,681,277
	297,523,134	16,936,473	380,082	280,966,743
(d) 16 to 20 year term, 3.5% to 11.25% (set prime) interest per annum, with final repayments between June 1980 and May 2015:				
Brazil	13,458,162	270,556		13,187,606
Indonesia	5,703,280	78,044	4,339,388	9,964,624
Madagascar	18,887,425	176,015		18,711,410
Poland	67,704,881	722,762		66,982,119
Sudan	7,601,750	76,700		7,525,050
Tanzania	32,560,394	328,527		32,231,867
	145,915,892	1,652,604	4,339,388	148,602,676
(e) 21 to 25 year term, 3% to 7.225% (libor) interest per annum, with final repayments between March 2008 and April 2018:				
Algeria	7,663,817		4,682,682	12,346,499
Mexico	32,809,196	326,690		32,482,506
	40,473,013	326,690	4,682,682	44,829,005
(f) 26 to 30 year term, 0.5% (set prime) to 7.8% (libor) interest per annum, with final repayment in June 2014:				
Congo	3,352,255	33,824		3,318,431
(g) 31 to 55 year term, 0% to 11.75% interest per annum, with final repayments between December 2033 and February 2044:				
Cameroon	13,876,150		3,401,127	17,277,277
China	25,899,992		79,197,236	105,097,228
Egypt	16,601,248	158,861	23,500,789	39,943,176
India	18,661,533	262,100	20,245,204	38,644,637
Jamaica	33,200,551	1,813,299	45,953,629	77,340,881
Kenya	175,057	1,766		173,291
Morocco	91,322,878	1,133,244	81,866,276	172,055,910
Pakistan	5,574,301	56,357	407,089	5,925,033
	205,311,710	3,425,627	254,571,350	456,457,433
	759,557,542	38,354,789	266,823,281	988,026,034
Less: payments made under budgetary authority	171,840,825	157,815,002		329,655,827
	587,716,717	196,169,791	266,823,281	658,370,207

During the year, receipts and other credits included loan repayments of \$35,181,613, a valuation adjustment of \$3,173,176 in respect of loans totalling \$477,006,212 US and \$12,354,327 ECU (European Currency Unit), while payments and other charges included loans and guarantees of \$266,823,281.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the capital of the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development (i.e. World Bank), the International Development Association and the International Finance Corporation. It also includes loans and advances to other international organizations.

Capital subscriptions are made in part by the issuance of non-interest bearing, non-negotiable demand notes. The amounts advanced or loaned vary according to the needs of the organizations concerned, and the terms of the agreements.

The net position of the Government vis-à-vis the international organizations has been obtained by deducting from subscriptions, loans and advances, the non-interest bearing notes issued by Canada to these organizations. These notes, payable on demand, represent that portion of the investment by Canada in these organizations which has not yet been encashed by them. These notes are encashed subject to the financial requirements of these organizations.

Since April 1, 1986, note encashments, and cash subscriptions/loans to international financial institutions are now made under budgetary authority. However, subscriptions/loans made by the issuance of non-interest bearing notes continue to be under non-budgetary authority.

Table 6.14 presents a summary of the balances and transactions for the subscriptions, loans and advances to international organizations. The closing balance of loans/subscriptions to international financial institutions includes, where applicable, total loans/subscriptions made under both budgetary and non-budgetary authorities. The total budgetary payments to all international financial institutions are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the total amount reported in Table 6.1 as International organizations (net). In addition, Table 6.15 presents additional disclosure of information related to subscriptions to the capital of international development institutions, as well as future commitments and contingent liabilities related to international development assistance as disclosed in Note 9 to the audited financial statements of the Government of Canada in Section 2 of this volume.

TABLE 6.14

INTERNATIONAL ORGANIZATIONS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Canada's subscriptions to the capital of the—				
African Development Bank	76,326,850	160,107	5,846,431	82,013,174
Less: notes payable	196,080	5,846,431	5,849,471	193,040
	76,130,770	6,006,538	11,695,902	81,820,134
Asian Development Bank	159,361,491	509,907		158,851,584
Less: notes payable	11,311,129		3,770,377	7,540,752
	148,050,362	509,907	3,770,377	151,310,832
Caribbean Development Bank	12,373,408	112,812	965,161	13,225,757
Less: notes payable	477,320	482,581		959,901
	11,896,088	595,393	965,161	12,265,856
Inter-American Development Bank	143,553,873	1,538,903	8,469,977	150,484,947
Less: notes payable	14,235,054	8,469,977	4,565,963	18,139,068
	129,318,819	10,008,880	13,035,940	132,345,879
International Bank for Reconstruction and Development (World Bank)	312,715,754	817,929	18,255,955	330,153,780
International Development Association	3,255,248,061		276,090,000	3,531,338,061
Less: notes payable	760,712,700	276,090,000	152,010,000	884,792,700
	2,494,535,361	276,090,000	428,100,000	2,646,545,361
International Finance Corporation	53,768,932	542,517		53,226,415
Multilateral Investment Guarantee Agency	7,503,816	75,712		7,428,104
Less: notes payable	3,751,908		37,856	3,714,052
	3,751,908	75,712	37,856	3,714,052
	3,230,167,994	294,646,876	475,861,191	3,411,382,309

TABLE 6.14

INTERNATIONAL ORGANIZATIONS—*Concluded*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
International financial institutions ⁽¹⁾	2,155,651,919	3,755,800	231,698,365	2,383,594,484
Less: notes payable	1,091,214,077	229,500,001	159,144,829	1,161,569,249
Common Fund for Commodities	1,064,437,842	233,253,801	390,843,194	1,222,023,235
International Tin Council	1,604,954		1,302,917	2,907,871
International Monetary Fund— Enhanced Structural Adjustment Facility	4,292,614		204,835	4,497,449
International organizations and associations— Berne Union of the World Intellectual Property Organization	48,294,303	15,322,458	25,801,600	58,773,445
Customs Co-operation Council	15,676			15,676
Food and Agriculture Organization	6,309			6,309
General Agreement on Tariffs and Trade	854,605			854,605
Intergovernmental Maritime Consultative Organization	14,508			14,508
International Atomic Energy Agency	1,617			1,617
International Civil Aviation Organization	65,656		143,321	208,977
International Labour Organization	71,419		6,669	78,088
Paris Union of the World Intellectual Property Organization	68,666			68,666
United Nations Educational, Scientific and Cultural Organization	58,927			58,927
United Nations Industrial Development Organization	683,459			683,459
United Nations organizations	362,976		10,598	373,574
World Health Organization	3,582,214			3,582,214
	163,357			163,357
	5,949,389		160,588	6,109,977
Total	4,354,747,096	543,225,135	894,174,325	4,705,696,286
Less: payments made under budgetary authority	1,571,093,952	313,353,193		1,884,447,145
	2,783,653,144	856,578,328	894,174,325	2,821,249,141
Summary— International organizations	6,236,645,364	22,836,145	568,795,829	6,782,605,048
Less: payments made under budgetary authority	1,571,093,952	313,353,193		1,884,447,145
	4,665,551,412	336,189,338	568,795,829	4,898,157,903
Less: notes payable	1,881,898,268	520,388,990	325,378,496	2,076,908,762
Total	2,783,653,144	856,578,328	894,174,325	2,821,249,141

⁽¹⁾ The subscriptions to the Association and the loans to the international financial institutions are used to lend funds to developing countries at rates favourable to the borrowers. In addition, as described earlier in this section, under the heading "National governments including developing countries", international development assistance has also been provided to developing countries.

TABLE 6.15

INTERNATIONAL DEVELOPMENT ASSISTANCE—
SUBSCRIPTIONS, CONTINGENT LIABILITIES AND COMMITMENTS

	Share subscriptions		Paid-in shares purchased		Cost			Parliamentary authority available for use in subsequent years	
	Paid-in	Callable	Number of shares	Foreign currencies	Canadian currency ⁽¹⁾	Estimated value of callable shares ⁽²⁾	Other commitments	Contingent liabilities	Number of shares
									Estimated value
				millions	\$millions	\$millions	\$millions	\$millions	\$millions
African Development Bank	4,200	12,600	4,200		59 ⁽³⁾	176 ⁽⁴⁾			181 ⁽⁵⁾
Asian Development Bank	2,100	31,500	1,680	\$20US	23	352	6	88	31,920
Caribbean Development Bank	8,740	36,403	8,740	\$105US	122	508			463 ⁽⁵⁾
Caribbean Special Development Fund	2,370	45,030	2,370	24SDR	37	699			508 ⁽⁵⁾
Undisbursed loans to national governments including developing countries	1,585	5,355	1,585	\$10US	11 ⁽⁶⁾	37			37 ⁽⁵⁾
Inter-American Development Bank	663	2,769	138	\$1US	1	4	4	15	3,324
Inter-American Development Fund							5		23 ⁽⁵⁾
International Bank for Reconstruction and Development (World Bank)	9,982	115,220	9,982	\$123US	145	1,609	425		63,692
International Development Association	2,400	93,556	600	\$29US	33	327	25	980	890 ⁽⁵⁾
International Finance Corporation							10		1,332 ⁽⁵⁾
International Monetary Fund—Loans	(7)	(7)	(7)		330	4,683 ⁽⁸⁾	45 ⁽⁹⁾	1,457 ⁽⁹⁾	2,770 ⁽¹⁰⁾
Multilateral Investment Guarantee Agency	(11)	(11)	(11)		3,531 ⁽¹²⁾	592			(10)
European Bank for Reconstruction and Development	45,976		45,976	\$46US	53		667 ⁽¹³⁾	1,385 ⁽¹³⁾	492 ⁽¹⁰⁾
	(14)	(14)	(14)	\$6US	7	30 ⁽¹⁵⁾			4 ⁽¹⁰⁾
							138	321	

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1991 (\$1US = \$1.1577 Cdn; 1SDR = \$1.5523 Cdn).

⁽²⁾ Commitments to the institutions will require future "Maintenance of value" payments.

According to the Articles of Agreement of the World Bank, countries are obliged to maintain the value of certain portions of their paid-in capital subscriptions and contributions. The World Bank has not had a workable standard of value since 1978 when the formal link between the US dollar and gold was broken. The World Bank agreed not to seek payment of these obligations pending the establishment of a new standard of value for the Bank. Maintenance of value obligations do not exist for International Development Association contributions. In October 1986, the Executive Board agreed upon the "1974 SDR" as a successor standard of value. The 1974 SDR is a fixed US dollar equivalent of the value of the SDR prevailing in 1974 (\$1.20635 US = 1 SDR). Maintenance of value payments resumed July 1, 1987. It is expected that other institutions will follow this lead.

⁽³⁾ Canadian currency equivalent of 42,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

⁽⁴⁾ Canadian currency equivalent of 126,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

⁽⁵⁾ These amounts are reflected as non-lapsing non-budgetary authorities in the External Affairs ministerial section of Volume II, Part I (Section 9).

⁽⁶⁾ This amount excludes a maintenance of value payment of \$1,192,625.

⁽⁷⁾ Canada's subscription is for 35,892 shares. Payments are accounted for as a proportion of each share.

⁽⁸⁾ Total subscription valued at \$4,329,800,000 US. Callable value translated at \$1 US = \$1.1577 Cdn, representing approximately 93.4% of the total subscription.

⁽⁹⁾ Canada's subscription will rise by a further 10,752 shares, valued at \$1.5 billion Cdn. Of this, \$45 million Cdn will be paid-in.

⁽¹⁰⁾ Subscription and payment authorities are annual budgetary voted items presented in the Finance ministerial section of Volume II, Part I (Section 10).

⁽¹¹⁾ There are no outstanding subscriptions other than the notes payable in Table 6.14. Accounting is based on dollar values rather than number of shares.

⁽¹²⁾ This figure represents the amount of notes issued. \$884,792,700 has not yet been encashed by IDA.

⁽¹³⁾ Canada has agreed to lend the Enhanced Structural Adjustment Facility SDR 300 million and to subsidize the interest rate on the loan through a grant of approximately SDR 165 million, of which SDR 32.45 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the IMF.

⁽¹⁴⁾ Canada's subscription is for 2,965 shares. Payments are accounted for as a proportion of each share.

⁽¹⁵⁾ Total subscription valued at \$32,081,000 US. Callable value translated at \$1 US = \$1.1577 Cdn, representing 80% of the total subscription.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L45, Appropriation Acts No 1 and No 2, 1990-91).

During the year, payments and other charges included additional subscriptions in non-interest bearing, non-negotiable demand notes.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts.

During the year, there were no additional subscriptions made.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L46b, Appropriation Act No 3, 1990-91).

During the year, payments and other charges included additional subscriptions in cash and in non-interest bearing, non-negotiable demand notes.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L45, Appropriation Acts No 1 and No 2, 1990-91).

During the year, payment and other charges included additional subscriptions in non-interest bearing, non-negotiable notes.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (IBRD), as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L5, Appropriation Acts No 1 and No 2, 1990-91).

During the year, payments and other charges included additional subscriptions in cash.

International Development Association

This account records Canada's subscriptions to the capital of the International Development Association, as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L9, Appropriation Acts No 1 and No 2, 1990-91). The subscriptions to the Association, which is part of the World Bank Groups, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace).

During the year, payments and other charges included additional subscriptions in the form of non-interest bearing, non-negotiable demand notes.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Groups, as authorized by various appropriation acts.

During the year, there were no additional subscriptions made.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, there were no additional subscriptions made.

International financial institutions

This account records loans for assistance to international financial institutions, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 2, 1990-91).

The balances and transactions for loans to various international financial institutions are as follows:

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
African Development Bank	3,843,896	125,000		3,718,896
African Development Fund	696,065,846	885,000	123,333,333	818,514,179
Less: notes payable	430,626,666	123,333,333	59,740,301	494,219,698
	265,439,180	124,218,333	183,073,634	324,294,481
Andean Development Corporation	4,250,046	124,990		4,125,056
Asian Development Bank—Special	27,027,000			27,027,000
Asian Development Fund	959,337,287		84,730,313	1,044,067,600
Less: notes payable	569,098,802	84,730,313	77,256,000	576,573,115
	390,238,485	84,730,313	161,986,313	467,494,485
Caribbean Development Bank— Agricultural Development Fund	8,600,000			8,600,000
Caribbean Development Bank— Commonwealth Caribbean Regional	4,678,000	47,200		4,630,800
Caribbean Development Bank—Special	67,341,325	148,090	4,980,637	72,173,872
Less: notes payable	21,948,631	4,980,638	7,202,687	19,726,582
	45,392,694	5,128,728	12,183,324	52,447,290
Central American Bank for Economic Integration	2,103,779	76,500		2,027,279
Inter-American Development Bank—Fund for Special Operations	269,461,811	1,983,580	5,503,845	272,982,076
Less: notes payable	32,757,799	3,305,480	7,728,243	28,335,036
	236,704,012	5,289,060	13,232,088	244,647,040
International Bank for Reconstruction and Development	23,390,000	236,000		23,154,000
International Fund for Agriculture Development	76,724,179		13,150,237	89,874,416
Less: notes payable	36,782,179	13,150,237	7,217,598	42,714,818
	39,942,000	13,150,237	20,367,835	47,159,598
International Monetary Fund	12,828,750	129,440		12,699,310
	1,064,437,842	233,255,801	390,843,194	1,222,025,235

Common Fund for Commodities

This account was established by External Affairs Vote L47b, Appropriation Act No 3, 1980-81, to make payments and issue guarantees and promissory notes in the current and subsequent fiscal years to purchase shares in the first account of the Common Fund for Commodities in accordance with the terms and conditions of the agreement establishing the Common Fund of Commodities.

Payments, guarantees and promissory notes shall not exceed \$10,380,000 US.

International Tin Council

This account records Canada's subscriptions to the International Tin Council, as authorized by previous appropriation acts. The subscriptions are for the investment in the buffer stock previously established and carried forward under the Sixth International Tin Agreement.

International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, payments and other charges included a loan in cash.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

VETERANS' LAND ACT FUND ADVANCES

Advances have been made, under Parts I and III of the Veterans' Land Act, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. The allowance for conditional benefits account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the Veterans' Land Act. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Table 6.16 summarizes the balances and transactions for advances to the Veterans' Land Act Fund.

TABLE 6.16

VETERANS' LAND ACT FUND

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Veterans' Land Act Fund—				
Advances	74,667,396	18,269,610	4,568,971	60,966,757
Less: allowance for conditional benefits	456,261		441,341	14,920
Total	74,211,135	18,269,610	5,010,312	60,951,837

JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in Volume III of the Public Accounts.

Under the terms of Section 147 of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown. The Government's purpose in sharing ownership in these corporations with other entities is not to further common operating objectives.

Table 6.17 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 6.17

JOINT AND MIXED ENTERPRISES

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Air Canada—Finance (Privatization and Regulatory Affairs) ^[1]				
Canarcctic Shipping Company Limited— Transport				
Cooperative Energy Corporation—Energy, Mines and Resources	57,804,000			57,804,000
Lower Churchill Development Corporation Limited— Energy, Mines and Resources	14,750,000			14,750,000
National Sea Products Ltd—Finance (Privatization and Regulatory Affairs)— Capital stock	59,540,000			59,540,000
Loans	105,459	105,459		
	59,645,459	105,459		59,540,000
North Portage Development Corporation— Western Economic Diversification				
NPM Nuclear Project Managers Canada Inc— Energy, Mines and Resources				
Société Inter-Port de Québec—Industry, Science and Technology	400			400
Telesat Canada—Communications	30,000,000			30,000,000
Total	162,199,859	105,459		162,094,400

^[1] This account is now reported in Table 6.18.

Canarctic Shipping Company Limited

The Corporation was incorporated under the Canada Corporations Act, and continued under the Canada Business Corporations Act, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51% of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

Cooperative Energy Corporation

The Corporation was incorporated under the Cooperative Energy Act, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Minister of Energy, Mines and Resources may subscribe for, acquire and hold shares and equity debentures of the Corporation for the Government of Canada.

The Government's investment in the capital of the Corporation, as authorized by the Cooperative Energy Act, is recorded in this account.

As of March 31, 1991, the Government's investment was made up of 578,040 class B shares with a value of \$57,804,000.

The Government's holding of shares represents 25% ownership of the Corporation.

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49% of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49% of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

National Sea Products Ltd

The Corporation was incorporated under the Nova Scotia Companies Act, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Capital stock

Pursuant to the Atlantic Fisheries Restructuring Act, the Government has acquired shares in the Corporation. The Government's holding consists of 1,552,976 no par value common shares and 1,552,976 no par value non-voting equity shares. This represents 19.6% of the shares outstanding.

Loans

Loans were made to National Sea Products Ltd, for the construction of an extension to the wharf at Burgeo, Newfoundland. The total loan authority was \$240,000.

During the year, the loans were repaid in full.

North Portage Development Corporation

The Corporation was incorporated under the Manitoba Corporations Act, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3% of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the Canada Business Corporations Act, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares.

The Government's holding of shares represents 13.34% of the shares outstanding. The balance of the outstanding shares is owned by four private sector corporations.

Société Inter-Port de Québec

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

Telesat Canada

The Corporation was incorporated by the Telesat Canada Act, to establish multi-purpose satellite telecommunication systems.

The Government has purchased 3,000,000 no par value common shares of the Corporation at \$10 per share, for \$30,000,000. This investment represents 49.99% of the common shares outstanding.

MISCELLANEOUS

This group records loans, investments and advances not classified elsewhere.

Table 6.18 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.

TABLE 6.18

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Loans and accountable advances—				
External Affairs—				
Missions abroad	8,776,286	710,329,753	712,492,591	10,939,124
Personnel posted abroad	11,537,920	11,769,839	10,219,564	9,987,645
	<i>20,314,206</i>	<i>722,099,592</i>	<i>722,712,155</i>	<i>20,926,769</i>
Industry, Science and Technology—				
Personnel posted in Canada	1,563	1,563		
National Defence—				
Imprest accounts, standing advances and authorized loans	34,781,589	666,349,127	666,217,823	34,650,285
Supply and Services—				
Miscellaneous accountable advances	8,191,123	7,972,881	7,963,383	8,181,625
Miscellaneous accountable imprest and standing advances	6,451,398	784,260	1,904,390	7,571,528
	<i>14,642,521</i>	<i>8,757,141</i>	<i>9,867,773</i>	<i>15,753,153</i>
Total loans and accountable advances	69,739,879	1,397,207,423	1,398,797,751	71,330,207
Other miscellaneous—				
Agriculture—				
Construction of multi-purpose exhibition buildings	18,332,963	713,118		17,619,845
Atlantic Canada Opportunities Agency—				
Loans to assist industry in the Cape Breton area	3,740,816			3,740,816
Loans to enterprises in Newfoundland and Labrador	6,638,627	934,722		5,703,905
	<i>10,379,443</i>	<i>934,722</i>		<i>9,444,721</i>
Communications—				
Cultural property	8,456	2,727		5,729
Employment and Immigration—				
Transportation and assistance loan ⁽¹⁾	89,065,564	20,915,743	13,468,153	81,617,974
Energy, Mines and Resources—				
Hydro-Quebec Research Institute	9,955,310	818,302		9,137,008
Joint venture—Bi-Provincial Upgrader	35,892,245		142,063,477	177,955,722
	<i>45,847,555</i>	<i>818,302</i>	<i>142,063,477</i>	<i>187,092,730</i>
External Affairs—				
Development of export trade (loans administered by the Export Development Corporation)	73,910,594	29,034,485	8,862,596	53,738,705
Finance—				
Air Canada ⁽²⁾	104,534,136	27,260,691		77,273,445
Canadian Commercial Bank	72,936,360	6,125,694		66,810,666
Ottawa Civil Service Recreational Association	179,859	18,595		161,264
Saint John Harbour Bridge Authority	13,955,083	156,611	17,895,944	31,694,416
Town of Oromocto Development Corporation	30,428	14,838		15,590
	<i>191,635,866</i>	<i>33,576,429</i>	<i>17,895,944</i>	<i>175,955,381</i>

TABLE 6.18

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Fisheries and Oceans—				
Canadian producers of frozen groundfish	263,159	74,845		188,314
Groundfish processors	85,725			85,725
Haddock fishermen	1,353,044			1,353,044
	1,701,928	74,845		1,627,083
Indian Affairs and Northern Development—				
Council for Yukon Indians	9,346,438		1,242,958	10,589,396
Eskimo loan fund	2,529,097	201,722		2,327,375
Indian economic development fund	26,442,982	3,322,326	463,659	23,584,315
Indian housing assistance fund	1,409,373	266,976		1,142,397
Inuvialuit Regional Corporation	80,543,000		1,569,000	82,112,000
Native claimants	147,112,609	429,879	23,999,995	170,682,725
Yukon Energy Corporation	52,050,000	1,400,000		50,650,000
	319,433,499	5,620,903	27,275,612	341,088,208
Industry, Science and Technology—				
Canadair Limited	4,349	4,349		
Canadian defence industry	1,380,564	76,500		1,304,064
Company stock option				
Industrial and regional development program	1,104,167	125,000		979,167
Manufacturing, processing and service industries in Canada	111,090,359			111,090,359
	113,579,439	205,849		113,373,590
Labour—				
Provincial workers' compensation boards	7,588,000		400,000	7,988,000
National Defence—				
Canadian Forces housing projects	12,602,204	702,200		11,900,004
Public Works—				
Sydney Steel Corporation	5,218,162			5,218,162
Solicitor General—				
Parolees	15,146	16,560	19,608	18,194
Supply and Services—				
Canadian Commercial Bank	15,189,000			15,189,000
Defence production loan account	26,324,007			26,324,007
	41,513,007			41,513,007
Transport—				
Corporation of the City of Montreal	197,163	97,553		99,610
Hamilton Harbour Commissioners	525,000	50,000		475,000
Northern Transportation Company Limited	4,000,000			4,000,000
Port Alberni Harbour Commission	262,400	177,235		85,165
	4,984,563	324,788		4,659,775
Veterans Affairs—				
Commonwealth War Graves Commission	67,230	6,816		60,414
	935,883,619	92,947,487	209,985,390	1,052,921,522
Add: consolidation adjustment ^[1]	663,715,000	16,977,000		646,738,000
Total other miscellaneous	1,599,598,619	109,924,487	209,985,390	1,699,659,522
Total	1,669,338,498	1,507,131,910	1,608,783,141	1,770,989,729

^[1] This account was formerly known as Assisted passage scheme.

^[2] This account was previously reported in Table 6.17.

^[3] Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is \$22,500,000.

The closing balance consists of loans to employees, \$7,082,151; advances for medical expenses, \$1,839,396; security and other deposits under Foreign Service Directives, \$796,772; and, school and club debentures, \$269,326.

The loans to employees bear interest at rates from 10% to 14% per annum, and are repayable over 4 years, with final instalments between April 1, 1991 and June 30, 1994.

Personnel posted in Canada

This account records imprest bank account advances made to regional offices.

The total amount authorized to be outstanding at any time is \$1,950,000.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

During the year, the total amount authorized to be outstanding at any time was increased to \$100,000,000 by National Defence Vote L11c Appropriation Act No 4, 1990-91.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

During the year, the total amount authorized to be outstanding at any time was increased to \$22,000,000, by Supply and Services Vote L15b, Appropriation Act No 3, 1990-91.

Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The loans bear interest at rates from 7.266% to 9.684% per annum, and are repayable over 20 to 30 years, with final instalments between December 31, 1992 and October 1, 2006.

Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

During the year, additional loans were authorized by Atlantic Canada Opportunities Agency Vote L10, Appropriation Acts No 1 and No 2, 1990-91.

The loans bear interest at rates from 13.25% to 13.75% per annum, and are repayable at various dates, with final instalments by December 12, 1992.

Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40% of the shares. In an agreement dated March 29, 1989, the Newfoundland Government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Corporation on behalf of the Government of Canada.

These loans bear interest at rates from 10.5% to 17% per annum and are repayable at various dates, with final instalments by April 1, 1999.

Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the Cultural Property Export and Import Act, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

During the year, additional loans were authorized by Communications Vote L20, Appropriation Acts No 1 and No 2, 1990-91. The total loan authority is \$10,000 per year.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.995% per annum, repayable over 5 years, with the final instalment on March 23, 1993, \$3,550; and,
- (b) bearing interest at the rate of 10.455% per annum, repayable over 5 years, with the final instalment on September 30, 1993, \$2,179.

Transportation and assistance loan

Section 119 of the Immigration Act authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time was increased from \$90,000,000 to \$110,000,000 in 1990-91.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6% to 15% per annum, with final instalments between April 1, 1991 and April 1, 1996, \$4,233,139; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1991 and April 1, 1996, \$77,384,835.

During the year, loans totalling \$3,233,906 were written-off by Employment and Immigration Votes 16a and 17c, Appropriation Acts No 2 and No 4, 1990-91.

Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187% to 7.937% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

Joint venture—Bi-Provincial Upgrader

The Government of Canada entered into a joint venture agreement with the Provinces of Alberta and Saskatchewan and Husky Oil Operations Ltd for the sole purpose of constructing and operating the Bi-Provincial Upgrader to be located near Lloydminster, Saskatchewan. The project facility will be used to upgrade heavy oil and crude bitumen.

The Governments' equity interest in the joint venture is equal to 30% of the Class A participating interest and 33.3% of the Class B participating interest.

During the year, additional investment payments were authorized by Energy, Mines and Resources Votes L15 and L15c, Appropriation Acts No 1, No 2 and No 4, 1990-91.

As of March 31, 1991, the Government's total investment is \$181.1 million. Of this amount, \$3.1 million has been charged to budgetary expenditure (Vote 5) in 1988-89.

Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The closing balance of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.18.

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
(a) 1 to 5 year term, 8.2% (libor) to 9.5% (libor) interest per annum, with final repayments between July 1986 and December 1996:				
Nigeria	82,939			82,939
Norway	23,891,215	5,088,969		18,802,246
Thailand			8,862,596	8,862,596
United States	14,053,606	14,053,606		
	38,027,760	19,142,575	8,862,596	27,747,781
(b) 11 to 15 year term, 8.5% interest per annum, with finals repayments between October 1983 and April 1995:				
Brazil	5,255,366	53,026		5,202,340
Zambia	150,111			150,111
	5,405,477	53,026		5,352,451
(c) 40 year term, 8% interest per annum, with final repayment in March 2036:				
Antigua	30,477,357	976,288		29,501,069
	73,910,594	20,171,889	8,862,596	62,601,301
Less: payments made under budgetary authority		8,862,596		8,862,596
	73,910,594	29,034,485	8,862,596	53,738,705

During the year, receipts and other credits included loan repayments of \$19,679,586, and a valuation adjustment of \$492,303 in respect of loans totalling \$46,150,883 US, while payments and other charges included loans of \$8,862,596.

Air Canada

The Corporation was established by the Air Canada Act, and continued under the Canada Business Corporations Act, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

The loan bears interest at the rate of 7.243% per annum, and is repayable in semi-annual instalments over 15 years, with the final instalment on April 13, 1993.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the Canadian Commercial Bank Financial Assistance Act. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$6.8 million).

Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The remaining loan bears interest at the rate of 4.25% per annum, and is repayable in equal semi-annual instalments over 45 years, with the final instalment due September 30, 2005.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. During the year, the loans previously reported under Table 6.3 have been transferred to this account. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

Town of Oromocto Development Corporation

Loans have been made to the Town of Oromocto Development Corporation, for housing projects in the Town of Oromocto, New Brunswick. The total loan authority is \$750,000.

The remaining loan bears interest at the rate of 5% per annum, and is repayable in equal semi-annual instalments over 30 years, with the final instalment due February 15, 1992.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-67 level. The loans bear interest at the rate of 8.75% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bear interest at rates from 8% to 10% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8% per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write-off the balance.

Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L25, Appropriation Acts No 1 and No 2, 1990-91.

The loans are repayable in full upon settlement of land claims, and are non-interest bearing before an Agreement-in-Principle for the settlement of a claim is reached.

Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5% to 19.5% per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1991 and February 2, 2003.

Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is \$64,000,000.

The loans bear interest at rates from 5% to 21% per annum, and are repayable over 4 month to 15 years, with final instalments between April 1, 1991 and April 1, 2006.

Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10% per annum for up to 10 years.

During the year, \$224,774 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, Appropriation Act No 9, 1966.

Inuvialuit Regional Corporation

A loan has been made to the Inuvialuit Regional Corporation pursuant to Section 6 of the Western Arctic (Inuvialuit) Claims Settlement Act to meet the monetary obligations of the Government under Section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The total loan authority is \$30,000,000 per year as long as the total outstanding loans do not exceed \$82,112,000.

The loan bears interest at the rate of 8% per annum, calculated semi-annually, not in advance, and any accrued interest or loans outstanding, exceeding \$83,809,000 are repayable on December 31, 1991.

Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L20 and L20b, Appropriation Acts No 1, No 2 and No 3, 1990-91.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2000, whichever date is earlier.

Yukon Energy Corporation

In accordance with Section 4(2) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to Section 7(1) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$14,400,000 bear interest at the rate of 9% per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,400,000 plus interest; and,
- (b) loans in the amount of \$36,250,000 bear interest at the rate of 7% per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power.

Canadair Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to manufacture and sell aircraft.

Loans have been made to the Corporation for the financing of water bomber aircraft, such loans to be recovered on the sale of the aircraft.

During the year, the loans were repaid in full.

Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 5 years, with final instalments between April 1, 1991 and December 31, 1995.

Company stock option

This account records the purchase by the General Adjustment Assistance Board and the Enterprise Development Board, on behalf of Her Majesty in right of Canada, of the capital stock of a company in order to exercise a stock option in such company that has been taken by the Board in connection with the provision of a loan, or of insurance of a loan or a letter of credit made or issued to the company in accordance with the General Adjustment Assistance Regulations, the Automotive Manufacturing Assistance Regulations, or under the Enterprise Development Program, where, in the opinion of a Board established pursuant to Section 15 of the Department of Industry, Science and Technology Act:

- (i) the value of the capital stock of the company has increased as a result of the assistance provided and the stock option should be exercised, in order to permit Her Majesty in right of Canada to benefit from the increased value of the capital stock of the company; or,
- (ii) the stock option should be exercised, to protect the Crown's interest in respect of the loan made or insurance provided; and,

to authorize the sale or other disposition of any capital stock so acquired.

During the year, additional purchases were authorized by Industry, Science and Technology Vote L10, Appropriation Acts No 1 and No 2, 1990-91.

Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan bears interest at the rate of 12.625% per annum, and is repayable between April 24, 1991 and January 24, 1999.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Industry, Science and Technology Vote L15, Appropriation Acts No 1 and No 2, 1990-91.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 9.375% to 10.375% per annum, repayable in equal monthly instalments over 7 years, with the final instalment on December 15, 1998, \$1,090,359. This loan is currently in default and parliamentary authority is required to write-off the balance; and,
- (b) interest free loan unless it is in default, repayable at maturity on April 1, 2017, \$110,000,000.

Provincial workers' compensation boards

This account is operated under the authority of Section 4(6) of the Government Employees Compensation Act, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4% to 5.75% per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

Sydney Steel Corporation

Loans have been made to Sydney Steel Corporation, for the construction of wharf facilities at Sydney, Nova Scotia. The total loan authority is \$6,000,000.

The loans bear interest at the rate of 9.078% per annum, and are repayable in equal annual instalments over 20 years, with the final instalment on June 12, 1998. The instalments are in arrears since June 1, 1979. Parliamentary authority is required to write-off the balance.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$12,260 were forgiven pursuant to Solicitor General Vote L103b, Appropriation Act No 1, 1969.

Canadian Commercial Bank

This account represents the amount the Receiver General for Canada had on deposit with the Canadian Commercial Bank at the time the Bank ceased operation on September 1, 1985. This amount is actually expected to be recovered in full.

Defence production loan account

This account was established under Section 18 of the Defence Production Act, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the Defence Production Act stated that the aggregate of expenditures charged to the Defence production revolving fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence production revolving fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents:

- a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred; and,

- loans of \$24.6 million which have been issued to Expro Chemical Products Inc for the specific purpose of meeting its working capital requirements.

The loans bear interest at rates from 9.865% to 10.59% per annum, and are repayable in quarterly instalments over 5 to 10 years, with the final instalment in October, 1998.

Corporation of the City of Montreal

A loan has been made to the Corporation of the City of Montreal, for the construction of a vehicular tunnel under the Lachine Canal at Atwater Avenue.

The loan bears interest at the rate of 3.125% per annum, and is repayable in equal annual instalments over 30 years, with the final instalment on June 20, 1991.

Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125% per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on January 15, 2004.

Northern Transportation Company Limited

A loan has been made to 141606 Canada Limited, to finance the acquisition of the former Northern Transportation Company Limited. On July 15, 1985, both corporations were amalgamated under the name of Northern Transportation Company Limited.

The loan bears interest at the rate of 4% per annum, is repayable in annual instalments equal to 40% of the annual cash flow of the Company, and has an indefinite maturity date.

Port Alberni Harbour Commission

Loans have been made to the Port Alberni Harbour Commission, to finance the construction of a new lumber assembly wharf.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.062% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$24,342; and,
- (b) bearing interest at the rate of 7.187% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$60,823.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

ALLOWANCE FOR VALUATION

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 7

1990-91

PUBLIC ACCOUNTS

Specified Purpose Accounts

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NOTE TO USER

It would be appreciated if you could complete and return the
Reader's Survey inserted at the beginning of this volume

SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the recorded value of the financial obligations of the Government of Canada in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

This section gives details of specified purpose accounts on which summary information was given in Sections 1 and 2 of this volume.

CHART A
SPECIFIED PURPOSE ACCOUNTS
(in millions of dollars)

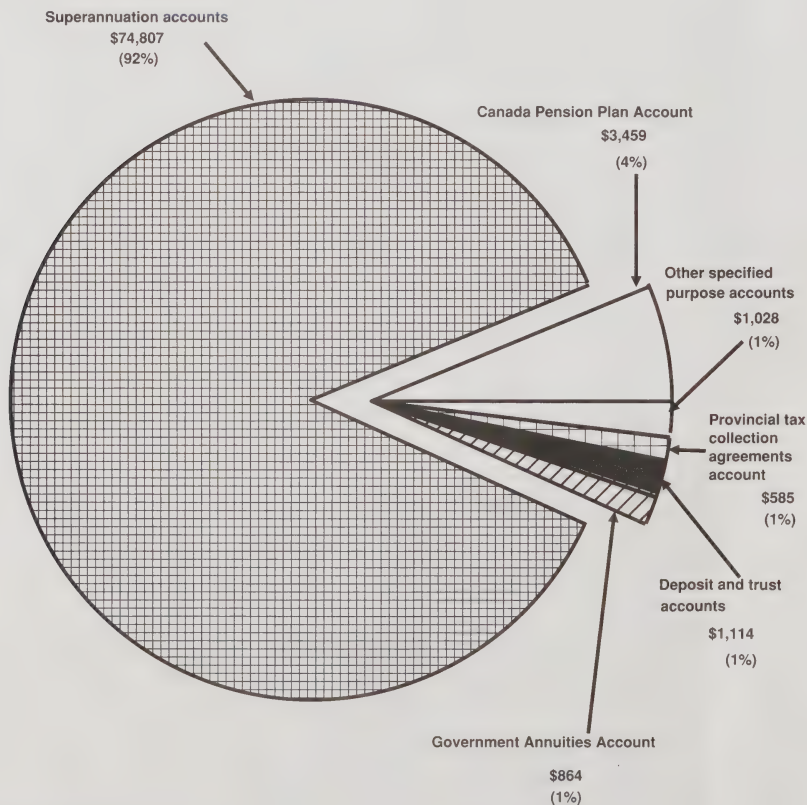


Chart A presents the total specified purpose accounts by category for the current fiscal year, while Chart B compares the total specified purpose accounts for the last five fiscal years. Table 7.1 presents the transactions and year-end balances of specified purpose accounts by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

CHART B
SPECIFIED PURPOSE ACCOUNTS

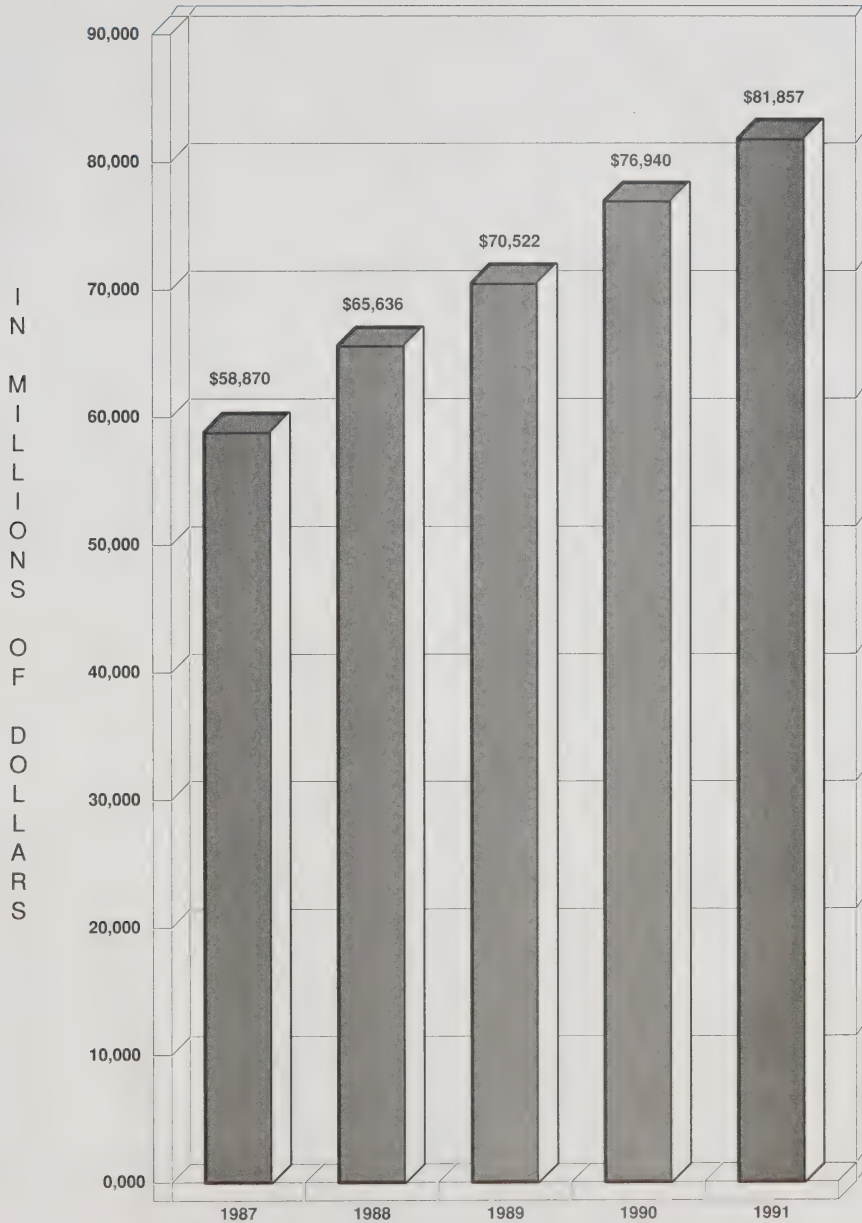


TABLE 7.1

SPECIFIED PURPOSE ACCOUNTS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Canada Pension Plan Account, Table 7.2	39,445,368,757	15,287,319,963	13,612,438,861	41,120,249,859
Less: securities held by the Canada Pension Plan Investment Fund, Table 7.2	36,483,062,000	864,501,000	2,043,103,000	37,661,664,000
	2,962,306,757	16,151,820,963	15,655,541,861	3,458,585,859
Superannuation accounts, Table 7.4	69,597,240,839	9,296,996,802	4,087,108,245	74,807,129,396
Government Annuities Account	906,676,479	59,907,655	102,178,444	864,405,690
Deposit and trust accounts, Table 7.10	1,155,344,981	2,948,702,680	2,989,821,888	1,114,225,773
Provincial tax collection agreements account, Table 7.13	1,398,287,675	33,678,740,328	34,491,918,332	585,109,671
Other specified purpose accounts, Table 7.14	919,778,802	721,614,453	613,786,521	1,027,606,734
Total	76,939,635,533	62,857,782,881	57,940,355,291	80,021,344,262

Note: the balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 5 of this volume (Table 5.6) since the transactions in these accounts are treated as budgetary.

Canada Pension Plan Account

The Canada Pension Plan is a compulsory contributory social insurance program which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and expenses incurred in the administration of the plan are financed from contributions made by employees, employers and self-employed persons, and from interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 7.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

TABLE 7.2

CANADA PENSION PLAN ACCOUNT

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Canada Pension Plan Account, Table 7.3	39,445,368,757	15,287,319,963	13,612,438,861	41,120,249,859
Less: securities held by the Canada Pension Plan Investment Fund —				
Canada	3,072,653,000	5,447,000	425,010,000	3,492,216,000
Newfoundland	757,572,000	16,829,000	40,432,000	781,175,000
Nova Scotia	1,416,173,000	34,041,000	46,648,000	1,428,780,000
Prince Edward Island	162,037,000	3,474,000	9,603,000	168,166,000
New Brunswick	1,043,812,000	25,815,000	40,360,000	1,058,357,000
Quebec	131,419,000	5,132,000	9,789,000	136,076,000
Ontario	16,719,141,000	476,038,000	799,613,000	17,042,716,000
Manitoba	1,979,198,000	51,471,000	103,395,000	2,031,122,000
Saskatchewan	1,638,627,000	42,868,000	90,318,000	1,686,077,000
Alberta	4,444,658,000	78,282,000	168,395,000	4,534,771,000
British Columbia	5,114,046,000	125,104,000	309,540,000	5,298,482,000
Northwest Territories				
Yukon Territory	3,726,000			3,726,000
	36,483,062,000	864,501,000	2,043,103,000	37,661,664,000
Total	2,962,306,757	16,151,820,963	15,655,541,861	3,458,585,859

Receipts and other credits include:

- (a) contributions of: (i) 2.2% of earnings by employees earning over \$2,800 for the 1990 calendar year and 2.3% of earnings over \$3,000 for the 1991 calendar year, subject to maximum payments of \$574.20 for the 1990 calendar year and \$632.50 for the 1991 calendar year, with matching contributions by employers and (ii) 4.4% of earnings of self-employed persons over \$2,800 for the 1990 calendar year and 4.6% of earnings over \$3,000 for the 1991 calendar year, subject to maximum payments of \$1,148.40 for the 1990 calendar year and \$1,265.00 for the 1991 calendar year;
- (b) interest received from the securities of the Canada Pension Plan Investment Fund, and from the average daily operating balance; and,
- (c) funds received from the federal and provincial governments for securities which have been redeemed.

Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as a lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess funds in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as the members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

On the Statement of Assets and Liabilities of the Government of Canada, the investment in securities issued by the federal, provincial and territorial governments as charged to the Canada Pension Plan Investment Fund, is deducted from the Canada Pension Plan Account.

TABLE 7.3

CANADA PENSION PLAN ACCOUNT
(in millions of dollars)

	1990-91	1989-90
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees, employers and self-employed	7,969	7,278
Interest on investments	4,007	3,826
Interest on average daily operating balance	403	356
Canada Pension Plan Investment Fund transactions	2,908	3,067
	<u>15,287</u>	<u>14,527</u>
PAYMENTS AND OTHER CHARGES—		
Benefits	10,541	9,473
Expenses	163	145
Canada Pension Plan Investment Fund transactions	2,908	3,067
	<u>13,612</u>	<u>12,685</u>
Excess of receipts and other credits over payments and other charges	<u>1,675</u>	<u>1,842</u>
Funds applied—		
Purchase of bonds—		
Provincial and territorial	1,618	2,172
Federal	425	71
Increase in deposits with Receiver General	497	422
	<u>2,540</u>	<u>2,665</u>
Less: funds provided—		
Redemption of bonds—		
Provincial and territorial	859	819
Federal	6	4
	<u>865</u>	<u>823</u>
Net increase	<u>1,675</u>	<u>1,842</u>
Balance at beginning of year	<u>39,445</u>	<u>37,603</u>
Balance at end of year	<u>41,120</u>	<u>39,445</u>

Superannuation Accounts

The superannuation accounts liability represents the Government's pension obligations for the three major Public Service plans and is reflected in the related specified purpose accounts as well as a supplementary allowance account. This account is used to record any shortfall between the pension liabilities and the superannuation accounts balances as determined on an actuarial basis for accounting purposes.

The Government provides pensions to retired employees or their dependants through pension schemes authorized by the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act. These pensions are indexed to the cost of living under the authority of the Supplementary Retirement Benefits Act. The Government's liabilities in respect of its employees and certain other contributors, are recorded in the relevant superannuation accounts.

Basic pensions are generally based on the best six consecutive years' average earnings and are accrued at 2% of these average earnings per year of service, to a maximum of 70% of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 6 1/2% of pay, less contributions to the Canada or Quebec Pension Plan, plus 1% of pay towards indexing. For basic benefits, the employer matches equally the prior year's employee contributions for members of the Public Service, and contributes 1.8 and 2 times current year's contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively. Indexation contributions are matched equally. As well, indexing payments in excess of pensioner's credits in the indexing account are charged directly to expenditure.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other institutions. Pension obligations for Crown corporations covered by the Public Service Superannuation Act are limited to matching their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The basic accounts earn interest at rates that are based on Government of Canada long-term bond rates. The indexation accounts earn interest at rates based on the five-year Government of Canada bond rates. The interest rate earned by the basic accounts was about 11% in both 1991 and 1990. The rate for the indexation accounts in 1991 was 10.8% (9.8% for 1990).

As required under the Public Pensions Reporting Act, actuarial valuations are performed triennially on five pension plans including the related benefits payable under the Supplementary Retirement Benefits Act and the related assets of the Supplementary Retirement Benefits Account using the projected benefit method pro-rated on pensionable service under their respective Acts.

The most recent review date for the actuarial valuation for each pension plan was prepared as follows:

Public Service Pension Plan—December 31, 1989;
Canadian Forces Pension Plan—December 31, 1987;
Royal Canadian Mounted Police Pension Plan—
December 31, 1989.

As at March 31, 1991, the actuarial reports for the Public Service Pension Plan and the Royal Canadian Mounted Police Pension Plan were not tabled before Parliament.

In accordance with the legislation governing the basic portion of the three plans, the Minister of Finance has the authority to direct that any actuarial deficiency found will be credited to the appropriate account, and amortized to expenditure in five equal annual instalments commencing in the year in which the actuarial report is laid before Parliament. In the current year, there were no actuarial deficiencies relating to each of the basic accounts.

The indexing element of the Government's pension plans is valued in its account on a pay as-you-go basis. A supplementary allowance is used to record any shortfall, as determined on an actuarial basis for accounting purposes.

Table 7.4 presents a summary of the balances and transactions for the superannuation accounts. Receipts and other credits for the superannuation accounts consist of contributions from employees, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments for basic pension accounts and interest. Payments and other charges for the superannuation accounts consist of payments of pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, and transfers to other plans. Adjustments to the supplementary allowance account result from actuarial valuations performed for accounting purposes.

Table 7.5 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure.

TABLE 7.4

SUPERANNUATION ACCOUNTS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Public Service Superannuation Account, Table 7.6	33,919,556,864	5,001,305,543	1,354,591,078	37,566,271,329
Canadian Forces Superannuation Account, Table 7.7	21,656,256,999	2,822,566,736	618,833,230	23,859,990,505
Royal Canadian Mounted Police Superannuation Account, Table 7.8	3,556,253,747	532,720,250	70,586,075	4,018,387,922
Supplementary Retirement Benefits Account, Table 7.9	5,165,173,229	940,404,273	143,097,862	5,962,479,640
	64,297,240,839	9,296,996,802	2,187,108,245	71,407,129,396
Allowance for the actuarial liability for employee pensions	5,300,000,000		1,900,000,000	3,400,000,000
Total	69,597,240,839	9,296,996,802	4,087,108,245	74,807,129,396

TABLE 7.5

SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO BUDGETARY EXPENDITURE

(in millions of dollars)

	1990-91				1989-90
	Government contributions	Statutory payments under Supplementary Retirement Benefits Act	Interest	Total	
Public Service Superannuation Account	478	602	3,745	4,825	4,380
Canadian Forces Superannuation Account	288	413	2,370	3,071	2,807
Royal Canadian Mounted Police Superannuation Account	93	32	393	518	448
Supplementary Retirement Benefits Account	139		610	749	600
	998	1,047	7,118	9,163	8,235
Decrease in the allowance for actuarial liability for employee pensions				1,900	
Total				7,263	8,235

Public Service Superannuation Account

This account is operated under the Public Service Superannuation Act.

The unamortized portion of the actuarial deficiency in the Public Service Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1989-90 or 1990-91 as a result of actuarial reviews.

TABLE 7.6**PUBLIC SERVICE SUPERANNUATION ACCOUNT**

	1990-91	1989-90
	\$	\$
Opening balance	33,919,556,864	30,609,954,534
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	482,853,070	456,316,630
Retired employees	28,332,337	26,229,196
Public Service corporation employees	127,140,167	127,128,548
Matching contributions—		
Government ⁽¹⁾	478,501,926	426,390,027
Public Service corporations	124,565,026	125,942,835
Transfers from other pension funds	15,231,662	15,229,610
Interest	3,744,681,355	3,392,533,162
	5,001,305,543	4,569,770,008
	38,920,862,407	35,179,724,542
PAYMENTS AND OTHER CHARGES—		
Annuities	1,233,910,558	1,127,963,829
Cash termination allowances	386,639	200,560
Minimum benefits	13,196,036	14,005,207
Returns of contributions—		
Government employees	52,584,358	57,403,705
Public Service corporation employees	32,593,486	30,967,231
Transfers to other pension funds	21,920,001	29,627,146
	1,354,591,078	1,260,167,678
Closing balance	37,566,271,329	33,919,556,864

⁽¹⁾ The matching contribution of the Government as employer, for the preceding fiscal year, is credited to the Superannuation Account in the first quarter of the current fiscal year, as per Section 44 (1) (c) of the Public Service Superannuation Act.

Canadian Forces Superannuation Account

This account is operated under the Canadian Forces Superannuation Act.

The unamortized portion of the actuarial deficiency in the Canadian Forces Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1989-90 or 1990-91 as a result of actuarial reviews.

TABLE 7.7**CANADIAN FORCES SUPERANNUATION ACCOUNT**

	1990-91	1989-90
	\$	\$
Opening balance	21,656,256,999	19,646,044,234
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	161,015,164	151,574,096
Contributions by the Government ⁽¹⁾	287,851,472	270,116,686
Interest	2,369,641,589	2,160,628,456
Other	4,058,511	3,645,715
	2,822,566,736	2,585,964,953
	24,478,823,735	22,232,009,187
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	586,339,471	543,360,167
Cash termination allowances and returns of contributions	30,812,006	31,297,707
Transfers to Public Service Superannuation Account (Treasury Board)	1,698,888	1,100,409
Other	-17,135	-6,095
	618,833,230	575,752,188
Closing balance	23,859,990,505	21,656,256,999

⁽¹⁾ The Government contribution as employer represents the last quarter of the preceding fiscal year plus the first three quarters of this fiscal year, as per Section 55 (1) (c) of the Canadian Forces Superannuation Act.

Royal Canadian Mounted Police Superannuation Account

This account is operated under the Royal Canadian Mounted Police Superannuation Act.

The unamortized portion of the actuarial deficiency in the Royal Canadian Mounted Police Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1989-90 or 1990-91 as a result of actuarial reviews.

TABLE 7.8

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	1990-91	1989-90
	\$	\$
Opening balance	3,556,253,747	3,154,464,827
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	46,609,359	43,460,683
Transfers from other pensions funds	411,959	508,274
Contributions by the Government (statutory) ^[1]	92,659,045	70,622,347
Interest	393,039,887	348,681,902
	532,720,250	463,273,206
	4,088,973,997	3,617,738,033
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	68,252,318	58,890,934
Return of contributions payments	1,929,701	
Cash termination allowance payments, returns of contributions and gratuities	27,830	2,112,430
Refunds of contributions	20,213	
Transfers to other pension funds	91,765	208,446
Interest on returns of contributions	264,248	272,476
	70,586,075	61,484,286
Closing balance	4,018,387,922	3,556,253,747

^[1] The Government contribution as employer represents the last quarter of the preceding fiscal year plus the first three quarters of this fiscal year, as per Section 29 (1) (c) of the Royal Canadian Mounted Police Superannuation Act.

Supplementary Retirement Benefits Account

This account was established by the Supplementary Retirement Benefits Act, to provide for the payment of increased pension benefits resulting from indexation.

Increased superannuation benefits paid during the year due to indexation amounted to \$1,165 million (\$1,060 million in 1989-90), of which \$1,047 million (\$966 million in 1989-90) represents benefits to superannuates in excess of their share of contributions to the account which has been charged to budgetary expenditure. The payments charged to budgetary expenditure on

behalf of contributors amounted to \$602 million (\$561 million in 1989-90) for the Public Service Superannuation Account of which it is estimated that \$46 million (\$45 million in 1989-90) pertains to former employees of Public Service corporations, \$413 million (\$376 million in 1989-90) for the Canadian Forces Superannuation Account, and \$32 million (\$29 million in 1989-90) for the Royal Canadian Mounted Police Superannuation Account. An amount of \$118 million (\$94 million in 1989-90) was charged to the Supplementary Retirement Benefits Account.

TABLE 7.9

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT (in thousands of dollars)

	Public Service		Canadian Forces		Royal Canadian Mounted Police		Parliament		Others		Total	
	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90
Opening balance	3,825,090	3,336,640	1,031,386	900,546	284,511	244,837	8,152	7,230	16,034	12,967	5,165,173	4,502,220
RECEIPTS AND OTHER CREDITS—												
Employee contributions—												
Public Service corporations	25,858	25,444									25,858	25,444
Government	96,425	89,860	32,316	30,172	8,978	8,268	277	263	940	844	138,936	129,407
Matching contributions—												
Public Service corporations	26,052	26,850									26,052	26,850
Government	96,303	89,799	32,153	30,053	8,979	8,265	272	260	941	844	138,648	129,221
Interest	437,870	348,650	136,992	94,456	32,833	25,794	817	840	1,906	1,398	610,418	471,138
Transfers from other pension funds	356	315	60	17	77	84					493	416
	682,864	580,918	201,521	154,698	50,867	42,411	1,366	1,363	3,787	3,086	940,405	782,476
	4,507,954	3,917,558	1,232,907	1,055,244	335,378	287,248	9,518	8,593	19,821	16,053	6,105,578	5,284,696
PAYMENTS AND OTHER CHARGES—												
Annuities	93,540	72,959	20,478	18,072	3,295	2,251	478	426	28	19	117,819	93,727
Cash termination allowances	44	15									44	15
Minimum benefits	830	783									830	783
Returns of contributions—												
Public Service corporations	6,274	5,905									6,274	5,905
Government	9,857	10,757	5,036	5,661	414	453	11	15			15,318	16,886
Transfers to other pension funds	2,566	2,049	232	125	15	33					2,813	2,207
	113,111	92,468	25,746	23,858	3,724	2,737	489	441	28	19	143,098	119,523
Closing balance	4,394,843	3,825,090	1,207,161	1,031,386	331,654	284,511	9,029	8,152	19,793	16,034	5,962,480	5,165,173

Allowance for the Actuarial Liability for Employee Pensions

This account records the allowance for the actuarial present value of unfunded supplementary benefits in respect of benefits earned or in pay, as well as for the unfunded pension liability of the federally appointed judges pension plan and the Members of Parliament retiring allowances as at March 31, 1991.

As a result of the annual actuarial valuation for accounting purposes, adjustments were required to the allowance to reflect:

—an overstatement of \$1,400 million as described in Note 7 i. in Section 2 of this volume,

—a reduction of \$1,367 million which recognizes a permanent reduction from last year in the long-term pension liabilities due to the implementation of wage restraint throughout the Public Service, and

—a reduction of \$533 million for the amortization of estimation adjustments due to changes in experience and in actuarial assumptions leaving \$6,100 million to be amortized in future years.

The amortization period is based on the expected average remaining service life (EARSL) of the related employee group and are as follows:

	EARSL
Pension plan	(Years)
Public Service	13
Canadian Forces	13
Royal Canadian Mounted Police	14
Judges	12
Members of Parliament	8

Government Annuities Account

This account was established by the Government Annuities Act, and modified by the Government Annuities Improvement Act, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the Government Annuities Act was to assist Canadians to provide for their later years, by the purchase of Government annuities. The Government Annuities Improvement Act increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenue. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenue.

During the year, debts totalling \$1,162 were written-off pursuant to Employment and Immigration Vote 6c, Appropriation Act No 4, 1990-91.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 7.10 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Deposit accounts—				
Agriculture—				
Canadian Dairy Commission account	21,540,512	637,759,002	636,120,101	23,179,413
Guarantee deposits—Canada Agricultural Products Standards Act	151	3,200	3,223	128
	21,540,663	637,762,202	636,123,324	23,179,541
Communications—				
Canadian Film Development Corporation—				
Special account ⁽¹⁾	21,793,780		21,793,780	
Canadian Museum of Civilization—				
Deposit account ^{(1) (2)}	1,009,029	682,699	199,253	1,492,475
Canadian Museum of Nature—				
Deposit account ^{(1) (2)}	724,177	1,700,173	1,701,455	722,895
National Gallery of Canada—				
Deposit account ^{(1) (2)}	2,292,435	848,690	234,535	2,906,590
Less: securities held in trust ^{(1) (2)}	1,000			1,000
	2,291,435	848,690	234,535	2,905,590
National Museum of Science and Technology—				
Deposit account ^{(1) (2)}	406,097	61,003	116,544	350,556
Less: securities held in trust ^{(1) (2)}	1,000			1,000
	405,097	61,003	116,544	349,556
	26,223,518	3,292,565	24,045,567	5,470,516
Employment and Immigration—				
General security deposits	53,600		3,600	50,000
Immigration guarantee fund	7,521,803	3,924,173	2,896,681	8,549,295
Less: securities held in trust	50,000			50,000
	7,471,803	3,924,173	2,896,681	8,499,295
	7,525,403	3,924,173	2,900,281	8,549,295

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—*Continued*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Energy, Mines and Resources—				
Guarantee deposits—Oil and gas	24,996,669	4,438,261	11,595,795	17,839,135
Less: securities held in trust	17,067,862	11,595,795	4,418,277	9,890,344
	7,928,807	16,034,056	16,014,072	7,948,791
External Affairs—				
Fairs and missions	109,090	180,899		289,989
Finance—				
Canada Development Investment Corpora- tion—				
Canadair Limited	5,500,000			5,500,000
The de Havilland Aircraft of Canada, Limited	330,238		330,238	
Crown corporations' surplus moneys—				
St Lawrence Seaway Authority, The	13,000,000			13,000,000
	18,830,238		330,238	18,500,000
Indian Affairs and Northern Development—				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	1,374,540		4,000	1,370,540
Guarantee deposits	20,366,681	2,418,329	18,265,516	4,519,494
Less: securities held in trust	19,772,816	17,999,967	2,285,905	4,058,754
	593,865	20,418,296	20,551,421	460,740
Guarantee deposits—				
Reserve resources	695,957	36,160	186,181	545,936
Less: securities held in trust	695,957	36,160	186,181	545,936
Guarantee deposits—				
Rotating herds	4,371		4,371	
Indian contributions to the subsidy housing program	19,959			19,959
	2,688,692	20,454,456	20,745,973	2,397,175
Industry, Science and Technology—				
Canada Post Corporation account	7,047,630	1,924,992,788	1,977,462,593	-45,422,175
Justice—				
Supreme Court of Canada—				
Security for costs	174,789	43,949	18,791	199,947
National Revenue—				
Customs and Excise—				
Guarantee deposits	5,817,404	1,037,345	855,592	5,999,157
Less: securities held in trust	5,443,300	753,500	647,000	5,336,800
	374,104	1,790,845	1,502,592	662,357
Temporary deposits received from importers	1,362,029		458,099	903,930
Less: deposits in special bank accounts	1,362,029	458,099	458,099	903,930
	374,104	2,248,944	1,960,691	662,357
Privy Council—				
Chief Electoral Officer—Candidates' election deposits		6,400	6,400	
Public Works—				
Harbourfront capital account ⁽¹⁾	3,998,029	221,611	4,202,651	16,989
Supply and Services—				
Contractors' security deposits (departments and agencies)—				
Bonds	8,597,771	3,025,800	2,090,006	9,533,565
Less: securities held in trust	8,597,771	1,979,006	2,914,800	9,533,565
		5,004,806	5,004,806	
Cash	21,511,638	16,598,078	18,568,806	19,540,910
Certified cheques	3,056,695	1,043,246	888,623	3,211,318
Less: securities held in trust	3,056,695	579,293	733,916	3,211,318
		1,622,539	1,622,539	
Royal Canadian Mint account	-543,887	27,034,178	26,490,291	
	20,967,751	50,259,601	51,686,442	19,540,910
Total	117,408,714	2,659,421,644	2,735,497,023	41,333,335
Less: consolidation adjustment ⁽¹⁾	30,221,547	24,734,042		5,487,505
Total deposit accounts	87,187,167	2,684,155,686	2,735,497,023	35,845,830

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Trust accounts—				
Finance—				
Halifax 1917 explosion pension account	756,526	80,782	136,748	700,560
Less: securities held in trust	100,000			100,000
	656,526	80,782	136,748	600,560
Indian Affairs and Northern Development—				
Indian band funds—				
Capital accounts, Table 7.11	751,732,598	64,346,775	59,575,854	756,503,519
Revenue accounts, Table 7.12	103,628,266	105,434,812	105,959,139	103,103,939
	855,360,864	169,781,587	165,534,993	859,607,458
Indian estate accounts	18,676,851	9,823,970	9,093,585	19,407,236
Less: securities held in trust	1,813			1,813
	18,675,038	9,823,970	9,093,585	19,405,423
Indian savings accounts	154,449,846	36,102,495	28,451,352	162,100,989
	1,028,485,748	215,708,052	203,079,930	1,041,113,870
National Defence—				
Estates—Armed services	219,479	2,911,757	2,348,690	782,546
Solicitor General—				
Canadian Security Intelligence Service—				
Meritorious graduate awards	15,125	1,750		16,875
Scholastic awards	17,863	2,045	900	19,008
Correctional Service—				
Inmates' trust fund	5,373,616	21,994,563	21,987,052	5,381,127
Royal Canadian Mounted Police—				
Benefit fund	2,321,779	335,487	163,598	2,493,668
	7,728,383	22,333,845	22,151,550	7,910,678
Transport—				
Canadian National (West Indies) Steamships Ltd ⁽¹⁾	95,000			95,000
Veterans Affairs—				
Administered trust accounts	18,306,847	19,259,352	11,277,613	26,288,586
Estates fund	482,468	1,286,303	1,079,865	688,906
Veterans administration and welfare trust				
fund	1,317,197	744,371	1,012,841	1,048,727
Less: securities held in trust	316,352	262,422		53,930
	1,000,845	1,006,793	1,012,841	994,797
Veterans care trust accounts	11,277,613	1,960,015	13,237,628	
Less: securities held in trust	95	95		
	11,277,518	1,960,110	13,237,628	
	31,067,678	23,512,558	26,607,947	27,972,289
Total	1,068,252,814	264,546,994	254,324,865	1,078,474,943
Less: consolidation adjustment ⁽¹⁾	95,000			95,000
Total trust accounts	1,068,157,814	264,546,994	254,324,865	1,078,379,943
Total deposit and trust accounts	1,155,344,981	2,948,702,680	2,989,821,888	1,114,225,773

⁽¹⁾ Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

⁽²⁾ In 1989-90, this account was reported under National Museums of Canada under Table 5.6 (Section 5 of this volume).

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established by Section 15 of the Canadian Dairy Commission Act, to record the Government's liability to the Commission.

Guarantee deposits—Canada Agricultural Products Standards Act

This account was established to record bonds deposited as guarantees required by the Canada Agricultural Products Standards Act and the Licensing and Arbitration Regulations.

Special account—Canadian Film Development Corporation

This account was established pursuant to Section 21 of the Financial Administration Act, to record a special deposit received by Telefilm Canada.

During the year, interest was credited to the account and charged to interest on public debt.

The account was closed in 1990-91.

Deposit account—Canadian Museum of Civilization

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the Canadian Museum of Civilization by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 9(1)(l) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, interest was credited to the account and charged to interest on public debt.

Deposit account—Canadian Museum of Nature

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the Canadian Museum of Nature by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 12(s) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, interest was credited to the account and charged to interest on public debt.

Deposit account—National Gallery of Canada

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the National Gallery of Canada by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 6(1)(l) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account amount to \$1,000 consisting of a Government of Canada marketable bond bequeathed by the late Hugh de T Glazebrook.

During the year, interest was credited to the account and charged to interest on public debt.

Deposit account—National Museum of Science and Technology

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the National Museum of Science and Technology by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 15(1)(m) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account amount to \$1,000 consisting of a Government of Canada marketable bond given by the late J. Dalzell McKee.

During the year, interest was credited to the account and charged to interest on public debt.

General security deposits

This account was established pursuant to Section 21 of the Financial Administration Act, to receive general security deposits from transportation companies in accordance with section 92(1) of the Immigration Act.

Immigration guarantee fund

This account was established by Sections 18, 23, 92 and 103 of the Immigration Act, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Guarantee deposits—Oil and gas

This account was established pursuant to Section 21 of the Financial Administration Act, to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with Section 74 of the Canada Petroleum Resources Act. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Fairs and missions

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

Canadair Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

The de Havilland Aircraft of Canada, Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to satisfy demands for payment by The Boeing Company pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of The de Havilland Aircraft of Canada, Limited.

During the year, final payments were made and this account was closed.

Crown corporations' surplus moneys

These accounts were established pursuant to Section 129(1) of the Financial Administration Act, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and securities deposited as guarantees for oil, mineral and timber rights and licences, pursuant to Section 8 of the Arctic Waters Pollution Prevention Act, Section 13(3) of the Northern Inland Waters Act and various regulations under the Territorial Lands Act. Interest is not allowed on cash deposits.

Guarantee deposits—Reserve resources

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under Section 57 of the Indian Act.

During the year, interest was credited to the account and charged to interest on public debt.

Guarantee deposits—Rotating herds

This account was established pursuant to Section 21 of the Financial Administration Act, to record guarantee deposits given by Indians who sign herd agreements under the rotating herd program.

Indian contributions to the subsidy housing program

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by Indians, to ensure compliance with terms and conditions of the subsidy housing program.

Canada Post Corporation account

The Canada Post Corporation is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act.

This account records the Government's liability to the Corporation. The debit balance as at March 31, 1991 is caused by the employee/employer deductions associated with the last pay of March 1991 of the Canada Post Corporation. These deductions are transferred out in early April and accordingly, funds to cover these deductions are received from Canada Post Corporation and credited to the account at this time.

During the year, interest was credited to the account and charged to interest on public debt.

Security for costs

This account was established pursuant to Section 21 of the Financial Administration Act, to record security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with Section 60(1)(b) of the Supreme Court Act. As per Section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits—Customs and Excise

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the Customs Act and the Excise Tax Act.

Temporary deposits received from importers

This account was established pursuant to Section 21 of the Financial Administration Act, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

Candidates' election deposits

This account was established pursuant to Section 21 of the Financial Administration Act, to record candidates' election deposits, received in respect of a general election or by-elections, less amounts refunded to candidates, or transferred to non-tax revenue, pursuant to the Canada Elections Act.

During the year, \$4,800 was transferred to non-tax revenue.

Harbourfront capital account

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from and held for Harbourfront Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

During the year, interest was credited to the account and charged to interest on public debt.

Contractors' security deposits

This account was established pursuant to Section 21 of the Financial Administration Act, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

Royal Canadian Mint account

The Royal Canadian Mint is a Crown corporation listed in Part II of Schedule III of the Financial Administration Act.

This account recorded the Government's liability to the Mint.

During the year, this account was closed.

Halifax 1917 explosion pension account

This account was established by Section 5(1) of the Halifax Relief Commission Pension Continuation Act, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

During the year, interest was credited to the account and charged to interest on public debt.

Indian band funds

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys belonging to Indian bands throughout Canada pursuant to Sections 61 to 69 of the Indian Act.

During the year, interest was credited to the account and charged to interest on public debt.

TABLE 7.11**INDIAN BAND FUNDS—CAPITAL ACCOUNTS**

	1990-91	1989-90
	\$	\$
Opening balance	751,732,598	743,791,232
RECEIPTS AND OTHER CREDITS—		
Oil royalties	21,472,158	24,851,407
Gas royalties	36,056,278	37,118,895
British Columbia agreement	269,822	289,018
Land and other claim settlements	2,134,295	3,028,400
Sundries	4,414,222	5,414,120
	64,346,775	70,701,840
	816,079,373	814,493,072
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	11,085,431	12,010,916
Transfer pursuant to Section 64 of the Indian Act	47,731,456	46,236,509
Sundries	758,967	4,513,049
	59,575,854	62,760,474
Closing balance	756,503,519	751,732,598

TABLE 7.12**INDIAN BAND FUNDS—REVENUE ACCOUNTS**

	1990-91	1989-90
	\$	\$
Opening balance	103,628,266	101,656,724
RECEIPTS AND OTHER CREDITS—		
Government interest	87,108,132	78,240,649
Land and other claim settlements	2,769,579	8,994,401
Sundries	15,557,101	17,241,356
	105,434,812	104,476,406
	209,063,078	206,133,130
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	6,648,467	2,922,827
Transfer pursuant to Section 69 of the Indian Act	93,516,984	91,860,639
Sundries	5,793,688	7,721,398
	105,959,139	102,504,864
Closing balance	103,103,939	103,628,266

Indian estate accounts

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians pursuant to Sections 42 to 51 of the Indian Act.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian savings accounts

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record the savings accounts maintained for individual Indians pursuant to Section 52 of the Indian Act.

During the year, interest was credited to the accounts and charged to interest on public debt.

Estates—Armed services

This account was established pursuant to Section 21 of the Financial Administration Act, to record the service estates of deceased members of the Canadian Forces pursuant to Section 42 of the National Defence Act. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

Meritorious graduate awards

This account was established pursuant to Section 21 of the Financial Administration Act, to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

During the year, interest was credited to the account and charged to interest on public debt.

Scholastic awards

This account was established pursuant to Section 21 of the Financial Administration Act, to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

During the year, interest was credited to the account and charged to interest on public debt.

Inmates' trust fund

Pursuant to Section 32 of the Penitentiary Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

During the year, interest was credited to the account and charged to interest on public debt.

Benefit fund

This account was established by Section 23 of the Royal Canadian Mounted Police Act, to record moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

During the year, interest was credited to the account and charged to interest on public debt.

Canadian National (West Indies) Steamships Ltd

This account was established pursuant to Section 129(1) of the Financial Administration Act, to record a deposit by the Canadian National (West Indies) Steamships Ltd, covering a transfer of funds to be held pending the wind-up of the Corporation.

During 1985-86, the Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Administered trust accounts

Pursuant to Section 41 of the Pension Act and Section 15 of the War Veterans Allowance Act, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances and assistance fund payments placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

During the year, interest was credited to the accounts and charged to interest on public debt.

Estates fund

This account was established pursuant to Section 21 of the Financial Administration Act, to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with Sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the Payments to Estates Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

Veterans administration and welfare trust fund

This account was established pursuant to Section 21 of the Financial Administration Act, to record the following moneys: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with Section 9 of the Guardianship of Veterans' Property Regulations; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependents in distressed circumstances.

During the year, interest was credited to the account and charged to interest on public debt.

Veterans care trust accounts

Pursuant to Section 5 of the Department of Veterans Affairs Act, if the Minister of Veterans Affairs so directs, a client receiving adult residential care service or nursing home intermediate care service assigns or pays any or all of his income and resources, to be administered in the manner prescribed. Moneys held in these individual accounts may include: (a) war service gratuities held for mental, tubercular and other long-term treatment cases; (b) pensions paid by the Canadian Pension Commission; (c) war veterans and civilian war allowances; and, (d) income from other sources such as Old Age Security, Guaranteed Income Supplement and retirement pensions. The moneys are used to pay the charges for board and lodgings, and to provide clothing, comforts and other necessities.

During the year, interest was credited to the accounts and charged to interest on public debt.

The funds in this account were transferred to the Administered trust accounts in 1990-91.

Provincial Tax Collection Agreements Account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the Federal-Provincial Fiscal Arrangements Act, and related payments made to them.

Under the Federal-Provincial Fiscal Arrangements Act, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and

Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

At the beginning of each year, the Minister of Finance estimates the amount of the payments, for the taxation year ending in that year, to provinces and territories that have entered into agreements. These estimates are adjusted to actual amounts at a later date. Adjustments are to be made not later than March 31 of the year following that in which the taxation year ends.

Table 7.13 presents a summary of the balances and transactions in the provincial tax collection agreements account.

TABLE 7.13

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Corporation income taxes collected by National Revenue—				
Taxation	17,131,696,116	1,021,533,000	256,095,386	17,897,133,730
Less: payments to provinces and territories—				
Newfoundland	759,280,551	2,945,446	55,530,000	811,865,105
Prince Edward Island	136,800,339	45,536	12,726,000	149,480,803
Nova Scotia	1,255,376,733	16,763,294	104,713,000	1,343,326,439
New Brunswick	1,030,633,903	17,149,384	94,925,487	1,108,410,006
Manitoba	2,206,547,821	62,209,411	151,335,000	2,295,673,410
Saskatchewan	1,810,791,270	36,403,505	102,250,000	1,876,637,765
Alberta	2,521,673,009	684,829		2,520,988,180
British Columbia	6,684,751,141		607,537,370	7,292,288,511
Yukon Territory	29,775,241		6,745,761	36,521,002
Northwest Territories	111,751,404	1,106,470	11,317,871	121,962,805
Total payments	16,547,381,412	137,307,875	1,147,080,489	17,557,154,026
Collections of corporation income tax on hand	584,314,704	1,158,840,875	1,403,175,875	339,979,704
Personal income taxes collected by National Revenue—				
Taxation	184,430,489,463	31,840,195,200	5,816,020,885	210,454,663,778
Less: payments to provinces and territories—				
Newfoundland	3,687,587,091		454,675,739	4,142,262,830
Prince Edward Island	755,966,654	353,826	103,708,000	859,320,828
Nova Scotia	7,059,375,940		928,797,141	7,988,173,081
New Brunswick	5,250,564,935	6,284,331	684,147,972	5,928,428,576
Ontario	98,267,162,111	298,650,628	15,738,519,798	113,707,031,281
Manitoba	8,582,864,368	368,237,628	1,373,362,819	9,587,989,559
Saskatchewan	8,699,314,672	5,460,061	985,588,001	9,679,442,612
Alberta	21,307,670,604		2,778,875,200	24,086,545,804
British Columbia	29,423,742,753	25,842	4,140,146,162	33,563,863,073
Yukon Territory	186,657,925	255,225	26,519,000	212,921,700
Northwest Territories	395,609,439	436,712	58,381,740	453,554,467
Total payments	183,616,516,492	679,704,253	27,272,721,572	210,209,533,811
Collections of personal income tax on hand	813,972,971	32,519,899,453	33,088,742,457	245,129,967
Total	1,398,287,675	33,678,740,328	34,491,918,332	585,109,671

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 7.14 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Insurance and death benefit accounts—				
Finance—				
Office of the Superintendent of Financial Institutions—				
Civil service insurance fund	11,468,638	404,834	748,961	11,124,511
National Defence—				
Regular forces death benefit account,				
Table 7.15	108,956,106	24,396,569	10,823,805	122,528,870
Treasury Board—				
Public Service death benefit account,				
Table 7.16	616,370,474	138,061,706	36,160,004	718,272,176
Veterans Affairs—				
Returned soldiers' insurance fund	663,595	9,492	125,533	547,554
Veterans insurance fund	20,309,673	635,939	1,498,643	19,446,969
	20,973,268	645,431	1,624,176	19,994,523
Total insurance and death benefit accounts	757,768,486	163,508,540	49,356,946	871,920,080
Pension accounts—				
Employment and Immigration—				
Annuities agents' pension account	18,191	7,384	12,706	12,869
Parliament—				
Members of Parliament retiring allowances account,				
Table 7.17	30,217,345	7,540,045	6,396,298	31,361,092
Solicitor General—				
Royal Canadian Mounted Police—				
Dependants' pension fund	19,075,100	2,069,237	902,002	20,242,335
Treasury Board—				
Locally-engaged contributory pension				
account	66,567	148,095	186,635	28,027
Retirement fund	5,303			5,303
	71,870	148,095	186,635	33,330
Total pension accounts	49,382,506	9,764,761	7,497,641	51,649,626
Other accounts—				
Agriculture—				
Agriculture development workshops		223,232	187,751	35,481
Canada/Provinces livestock drought				
agreements		2,445	2,445	
Canada/Saskatchewan agricultural community water				
infrastructure	15,153	631,837	636,452	10,538
Canada/Manitoba Agri-Food development				
projects	84,776	890,081	962,115	12,742
Cost-shared agreements—				
Research	568,925	1,644,789	1,153,419	1,060,295
	668,854	3,392,384	2,942,182	1,119,056
Communications—				
Canadian Film Development				
Corporation—				
Advance account ⁽¹⁾	5,937,879	22,945,694	21,041,905	7,841,668
Canadian Radio-television and Telecommunications				
Commission—				
Shared-cost projects	3,435		3,435	
	5,941,314	22,945,694	21,045,340	7,841,668

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Consumer and Corporate Affairs—				
Deposit account	194,213	1,013,157	1,207,370	
Income from Patent Cooperation Treaty	112,077	1,451,902	1,563,072	907
Income from securities in trust—Bankruptcy Act	79,351	234		79,585
Securities in trust—Bankruptcy Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Unclaimed dividends and undistributed assets—				
Bankruptcy Act	3,524,303	1,023,020	1,812,711	2,734,612
Canada Business Corporations Act	216,756	31,116	50,858	197,014
Winding-up Act	692,463		306	692,157
	4,819,163	3,519,429	4,634,317	3,704,275
Employment and Immigration—				
Canadian jobs strategy program	169,938	902	148,966	21,874
Summer employment—Experience development program	-1,562	425,000	423,438	
	168,376	425,902	572,404	21,874
Energy, Mines and Resources—				
Atomic Energy of Canada Limited regional seismic monitoring station		74,180	74,180	
Continental geoscience division—Ontario Hydro	53,594	86,684	90,353	49,925
Geological survey of Canada—Research agreements	308,000	108,318	404,627	11,691
International Energy Agency—Implementing agreement		91,800	34,698	57,102
Market development incentive payments—Alberta	27,342,374		1,915,006	25,427,368
Meonook Observatory		4,912	4,603	309
Nova Scotia offshore revenue account	75		75	
NYSERDA—Diesel technology Research and Development	78,990	254		79,244
Ocean Drilling Program—Australia		7,896	7,896	
Ontario Hydro—Multi-detector electro-optical imaging sensor		55,000		55,000
Shared-cost projects		30,000	14,092	15,908
	27,783,033	459,044	2,545,530	25,696,547
Environment—				
Forks sculpture contest account	114,923	7,500	88,405	34,018
Mackenzie King trust account	270,275	6,709	6,709	270,275
Miscellaneous projects deposits	3,114,559	6,883,271	6,936,067	3,061,763
Public participation funding program	56,131		56,131	
	3,555,888	6,897,480	7,087,312	3,366,056
External Affairs—				
Canada Foundation account	308,443	17,642	68,205	257,880
Less: securities held in trust	292,800	100,224	56,052	248,628
deposits in a special bank account	15,643	115,233	108,842	9,252
		233,099	233,099	
Cost recoverable technical assistance program	56,964	4,238		61,202
Economic summit account	10,223		10,223	
Paris air show		453,050		453,050
Canadian International Development Agency— Guarantee deposits	83,068		9,043	74,025
	150,255	690,387	252,365	588,277
Finance—				
Common school funds—Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	155,451	21,228	538	176,141
War claims fund—World War II	4,125	43	17	4,151
	2,837,347	21,271	555	2,858,063
Fisheries and Oceans—				
Great Lakes Fishery Commission—Lamprey research and control	113,087		113,087	
Miscellaneous projects deposits	421,840	5,175,014	4,539,429	1,057,425
	534,927	5,175,014	4,652,516	1,057,425
Forestry—				
Miscellaneous projects deposits	116,381	543,308	418,574	241,115

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Indian Affairs and Northern Development—				
Fines—Indian Act	528,585	101,490	298,519	331,556
Indian agencies revenue trust bank accounts	80,452	3,549,019	3,686,712	-57,241
Less: deposits in special bank accounts	80,402	3,686,662	3,549,019	-57,241
	50	7,235,681	7,235,731	
Indian band funds—				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian compensation funds	188,066	1,460	7,366	182,160
Indian moneys suspense account	10,140,342	12,555,930	11,399,965	11,296,307
Indian special accounts	1,180,183	460,004	457,059	1,183,128
1924 Ontario lands agreement	6,784,001	747,908		7,531,909
	18,821,227	21,102,473	19,398,640	20,525,060
Industry, Science and Technology—				
Miscellaneous shared-cost agreements		25,000	25,000	
Tourism cost-sharing agreements	60,151	100,367		160,518
Canadian Space Agency—				
Radarsat		75,000		75,000
	5,481,310			5,481,310
National Research Council of Canada—				
Trust fund	1,656,851	3,059,928	1,918,580	2,798,199
Special fund	6,900,000	23,943,623	21,144,335	9,699,288
Natural Sciences and Engineering Research Council—				
Trust fund	337,847	658,568	727,180	269,235
Statistics Canada—				
Advance payments	3,411,176	25,253,420	25,650,008	3,014,588
	17,847,335	53,115,906	49,465,103	21,498,138
Justice—				
Child support—Shared-cost project		86,855	32,428	54,427
Federal Court of Canada—				
Federal Court special account	9,417,496	5,407,044	4,596,633	10,227,907
	9,417,496	5,493,899	4,629,061	10,282,334
Labour—				
Fair wages suspense account	25,920	105,580	130,948	552
Labour standards suspense account	306,286	254,591	116,990	443,887
	332,206	360,171	247,938	444,439
National Defence—				
Foreign governments—				
United Kingdom—				
British Army—Suffield, Alberta	6,006,508	31,352,653	41,212,859	-3,853,698
Other activities	-1,289,612	39,522,951	38,432,180	-198,841
United States of America	3,506,097	24,640,838	28,327,074	-180,139
Federal Republic of Germany—				
German Army—Shilo, Manitoba	2,249,963	11,856,549	11,454,648	2,651,864
Other activities	-943,397	59,765,999	51,353,255	7,469,347
Netherlands	5,379,201	41,486,643	42,185,226	4,680,618
North Atlantic Treaty Organization (NATO)—				
Infrastructure projects	4,727,260	79,016,812	87,021,079	-3,277,007
Non-government agencies	1,671,537	617,245	685,321	1,603,461
	21,307,557	288,259,690	300,671,642	8,895,605
National Health and Welfare—				
Canadian Sports Pool Corporation—Other outstanding liabilities	152,510		102,510	50,000
Computerized space programming methodology ^[2]				
Fire safety evaluation system for hospitals ^[2]				
Miscellaneous federal/provincial projects	271,406	296,871	268,344	299,933
National physician data base ^[2]				
"Nobody's perfect"—Shared-cost project ^[2]				
Post-occupancy evaluation methodology ^[2]				
Review of liability and compensation issues in health care ^[2]				
Safety evaluation of chemicals	4,904			4,904
World Health Organization	191,291	38,000	92,287	137,004

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Medical Research Council—				
Dyskinesia and torticollis research	92,353	10,543		102,896
Farquharson scholarships	65		65	
	712,529	345,414	463,206	594,737
Privy Council—				
Economic Council of Canada—				
Shared-cost agreements—Nova Scotia		45,000	20,003	24,997
Secretary of State—				
Social Sciences and Humanities Research Council—				
Queen's Fellowship Fund	260,366	29,407	16,750	273,023
Trust fund	6,323	729		7,052
	266,689	30,136	16,750	280,075
Solicitor General—				
Royal Canadian Mounted Police—				
Seized assets		1,397,547	71,022	1,326,525
Supply and Services—				
Interest on bonds—Insurance companies		41,387,108	41,387,108	
Military purchases excess funds deposit	377,586,276	92,158,227	92,158,227	285,428,049
Less: securities held in trust	377,586,276	92,158,227	92,158,227	285,428,049
Petro-Canada Enterprises Inc.—Shares	1,150,701		77,610	1,073,091
	1,150,701	133,545,335	133,622,945	1,073,091
Transport—				
Cartierville Airport account	1,466,225		1,462,766	3,459
Veterans Affairs—				
Army benevolent fund	668,186	575,668	807,974	435,880
Total	118,565,689	548,341,152	555,028,145	111,878,696
Less: consolidation adjustment ^[1]	5,937,879		1,903,789	7,841,668
Total other accounts	112,627,810	548,341,152	556,931,934	104,037,028
Total other specified accounts	919,778,802	721,614,453	613,786,521	1,027,606,734

^[1] Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

^[2] This account is included with Miscellaneous federal/provincial projects (National Health and Welfare).

Civil service insurance fund

This fund was established by the Civil Service Insurance Act, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to Section 62(2) of the Public Service Superannuation Act.

During the year, receipts and other credits consisted of premiums of \$12,812 and, an amount of \$392,022 (charged to budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1990. Payments and other charges consisted of death benefits, \$663,726; cash surrender value, \$56,627; annuities, \$27,999; and premium refunds, \$609.

Regular forces death benefit account

This account was established by the Canadian Forces Superannuation Act, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution (1/6 of benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act); (c) single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$500 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 7.15

REGULAR FORCES DEATH BENEFIT ACCOUNT

	1990-91	1989-90
	\$	\$
Opening balance	108,956,106	95,819,641
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel	9,785,515	9,164,007
Government's contribution	1,803,967	1,465,596
Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$500 without contribution	732,530	523,590
Interest	12,074,557	10,610,774
	24,396,569	21,763,967
	133,352,675	117,583,608
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act	10,823,805	8,627,502
Closing balance	122,528,870	108,956,106

Public Service death benefit account

This account was established under the Public Service Superannuation Act, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act; and, (b) benefits of \$500 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act, and on whose behalf a single premium for \$500 death benefit coverage for life has been made.

TABLE 7.16

PUBLIC SERVICE DEATH BENEFIT ACCOUNT

	1990-91	1989-90
	\$	\$
Opening balance	616,370,474	527,522,877
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public service corporations	59,284,904	56,227,705
Government—		
One-sixth of benefit payments—		
General	5,678,674	6,028,585
Single premium for \$500	1,728,930	1,829,161
Public Service corporations	2,319,296	2,361,234
Interest	69,049,902	59,422,932
	138,061,706	125,869,617
	754,432,180	653,392,494
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General	34,339,032	35,239,220
Life coverage of \$500	1,744,300	1,702,213
Other death benefit payments	76,672	80,587
	36,160,004	37,022,020
Closing balance	718,272,176	616,370,474

Returned soldiers' insurance fund

This fund was established by the Returned Soldiers' Insurance Act, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1990 of \$9,492 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was August 31, 1933.

Veterans insurance fund

This fund was established by the Veterans' Insurance Act, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1990 of \$524,395 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, Appropriation Act No 1, 1961, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

During the year, interest was credited to the account and charged to interest on public debt.

Members of Parliament retiring allowances account

This account was established by the Members of Parliament Retiring Allowances Act, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a member of the Senate or House of Commons. Benefits are also available to widows and dependent children of members who served on or after April 9, 1963 and contributed under the Act.

Receipts and other credits consist of: (a) contributions reserved from current indemnities, based on the full amount paid; (b) contributions reserved from additional salaries, based on the percentage of contributions elected, up to 10% of the full amount of salary; (c) contributions for previous sessions, where members elect to pay arrears, and interest on arrears; (d) interest and mortality insurance on any unpaid balance, based on Canada Life Tables; (e) contributions by the Government, of an amount equal to contributions paid or which have become payable in the year; and, (f) interest credited quarterly.

Payments and other charges consist of: (a) payments of annual allowances; and, (b) withdrawal allowances and related interest.

TABLE 7.17

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1990-91	1989-90
	\$	\$
Opening balance	30,217,345	29,254,221
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	2,157,118	2,082,958
Arrears of principal, interest and mortality insurance	147,962	184,116
Government contributions—		
Current	2,175,581	2,082,958
Interest	3,059,384	2,960,449
	7,540,045	7,310,481
	37,757,390	36,564,702
PAYMENTS AND OTHER CHARGES—		
Annual allowances	6,368,934	6,208,309
Withdrawal allowances	26,480	132,755
Interest on withdrawals	884	6,293
	6,396,298	6,347,357
Closing balance	31,361,092	30,217,345

Dependants' pension fund

This fund which pertains to Part IV of the Royal Canadian Mounted Police Pension Continuation Act, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5% contribution from the pay of members of the Force (other than commissioned officers) who are subject to the Pension Continuation Act. There are no longer any active members amongst the contributors.

During the year, interest was credited to the account and charged to interest on public debt.

Locally-engaged contributory pension account

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Retirement fund

This fund provides pension benefits to certain eligible Government employees who are not covered by the Public Service Superannuation Account and who contributed to the fund.

Contributions are made to the fund in the form of monthly deductions from the salaries of certain prevailing rate or seasonal and certain other employees. Other credits are interest at the rate of 4% per annum on the balance to the credit of each contributor, the off-setting charge being to interest on public debt. Payments and other charges represent payment of the amounts to the employees' credit upon resignation or death, or, if they become contributors to the Public Service Superannuation Account, transfers to that account.

Agriculture development workshops

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from "Agence de coopération culturelle et technique" from Paris, France in accordance with an agreement dated June 15, 1990. These funds will be used to defray the training costs and living expenses of third world members during their stage at the Food Research and Development Centre in St-Hyacinthe, Quebec.

Canada/Provinces livestock drought agreements

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments by the provinces of their share of the costs incurred under the livestock drought agreements. The account is charged with payments made to eligible livestock producers.

Canada/Saskatchewan agricultural community water infrastructure

This account was established pursuant to the 1984 Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure, to record deposits from the Province of Saskatchewan whenever a city or town is able to finance part of the water supply or water disposal facilities and separate construction is not possible. Money is paid out of the account as eligible billing costs are received.

Canada/Manitoba Agri-Food development projects

This account (formerly called Carman diversion project) was established pursuant to Section 21 of the Financial Administration Act, to record advance payments received from the Government of Manitoba for their share of the costs incurred under various projects. The projects involve the construction of works for the enhancement of soil and water resource management. Money is paid out of the account as eligible billing costs are received.

Cost-shared agreements—Research

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by external parties for cost-shared research projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken.

Advance account—Canadian Film Development Corporation

This account was established pursuant to Section 21 of the Financial Administration Act, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Shared-cost projects—Canadian Radio-television and Telecommunications Commission

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments from private industry in support of the study on sex-roles in Canadian television programming.

Deposit account—Consumer and Corporate Affairs

This account was established pursuant to Sections 20 and 21 of the Financial Administration Act, to record moneys held in trust to defray the cost of services provided on a regular basis. No interest is credited to the account.

Income from Patent Cooperation Treaty

This account was established pursuant to Section 21 of the Financial Administration Act, and Section 12(3) of the Patent Cooperation Treaty Regulations under the Patent Rules, to record the receipt and disposition of the various fees relating to applications for an international patent, in accordance with Rules 14, 15, 16 and 16^{bis} of the Regulations under the Income from Patent Cooperation Treaty.

Income from securities in trust—Bankruptcy Act

This account was established by Sections 78, 84, 154 and 194 of the Bankruptcy Act, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Securities in trust—Bankruptcy Act

This account was established by Section 67 of the Bankruptcy Act, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Unclaimed dividends and undistributed assets—Bankruptcy Act

This account represents amounts credited to the Receiver General in accordance with the provisions of Section 154 of the Bankruptcy Act, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with Sections 227 and 228 of the Canada Business Corporations Act, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with Sections 138 and 139 of the Winding-up Act, pending distribution.

Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Summer employment—Experience development program

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Atomic Energy of Canada Limited regional seismic monitoring station

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from Atomic Energy of Canada Limited, to accommodate the cost-sharing of expenses required to operate a network of regional seismic monitoring station in the provinces of Ontario and Alberta.

Continental geoscience division—Ontario Hydro

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate a cost sharing agreement between Energy, Mines and Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

Geological survey of Canada—Research agreements

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the retention and disbursement of moneys received from private, industry, and other governments for joint project or cost-sharing research agreements.

International Energy Agency—Implementing agreement

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds for the cost-sharing of expenses between Canada, the United States, Japan, Sweden and Italy in respect to the International Energy Agency Implementing Agreement for a programme of research, development and demonstration on alcohol and alcohol blends as motor fuels.

Market development incentive payments—Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in provinces east of Alberta, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to Section 39 of the Energy Administration Act. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fuelling Station Programs.

Meanook Observatory

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the cost-sharing of the expenses required to operate the Meanook Observatory at Athabasca, Alberta. The Naval Ocean Systems Centre (USA) will be participating in the maintenance and utilization of this facility.

Nova Scotia offshore revenue account

This account was established by Section 219 of the Canada-Nova Scotia Petroleum Resource Accord Implementation Act, to record amounts collected under the various tax agreements outlined in Part IV of the Act. Monies subsequently remitted to the Province of Nova Scotia are charged to this account.

NYSERDA—Diesel technology Research and Development

This account was established pursuant to Section 21 of the Financial Administration Act, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the Department of Energy, Mines and Resources and NYSERDA.

Ocean Drilling Program—Australia

This account was established pursuant to Section 21 of the Financial Administration Act, to deposit funds received from the government of Australia for the Ocean Drilling Program. The funds will subsequently be remitted to the National Science Foundation, Washington, D.C. together with Canada's share of Program costs.

Ontario Hydro—Multi-detector electro-optical imaging sensor

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from Ontario Hydro to accommodate the cost-sharing of expenses required to allow an analysis and evaluation of the multi-detector electro-optical imaging sensor system capabilities for the mapping of hydro corridors.

Shared-cost projects—Energy, Mines and Resources

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

Forks sculpture contest account

This account was established pursuant to Section 21 of the Financial Administration Act, for the purpose of accepting donations from corporations and other donors to sponsor a sculpture competition for the opening of the Fork National Historic Park in Winnipeg, Manitoba.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of Section 3 of the Laurier House Act, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Miscellaneous projects deposits—Environment

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

Public participation funding program

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits received from provinces, territories or private organizations to provide funds to assist public participation in the federal environment assessment and review process.

Canada Foundation account

This account was established by Vote 6g, Appropriation Act No 2, 1967, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

The account is maintained in Italian lira in the Banco di Roma, Italy, and all transactions recorded in foreign currencies during the year are converted at the rate of exchange prevailing at the close of the years (1990-91, 1 Lira/\$0.000910 Cdn; 1989-90, 1 Lira/\$0.000941 Cdn).

During the year, income derived from the operation of the account amounted to Lira 19,344,275—\$17,642 Cdn, and disbursements for cultural activities and administrative expenses were Lira 64,363,432—\$58,699 Cdn. Adjustment of the book value carried forward from the previous year resulted in valuation decreases of \$9,024, to securities held in trust, and \$482 to cash on deposit. The closing balance consists of securities at cost and cash on deposit.

Cost recoverable technical assistance program

This account was established pursuant to Section 21 of the Financial Administration Act, to record prepayments and disbursements in respect of the costs pertaining to the provision of technical assistance to other countries by Canadian firms and institutions pursuant to agreements between the Government of Canada and other national governments.

During the year, interest was credited to the account and charged to interest on public debt.

Economic summit account

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from the private sector and other public funded organizations. These donated funds were used to help defray the costs of special events at the Economic Summit held in Toronto, Ontario from June 19 to 28, 1988.

During the year, this account was closed.

Paris air show

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from the private sector. These funds will be used to help defray the costs of the Canadian Pavilion activities during the Paris air show held in Paris, June 13 to 23, 1991.

Guarantee deposits—Canadian International Development Agency

This account was established pursuant to Section 21 of the Financial Administration Act, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

Common school funds—Ontario and Quebec

This account was established under 12 Victoria 1849, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid semi-annually to these provinces, at the rate of 5% per annum, and is charged to interest on public debt.

Foreign claims fund

This account was established by Vote 22a, Appropriation Act No 9, 1966, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

During the year, interest was credited to the account and charged to interest on public debt.

War claims fund—World War II

This account was established by Vote 696, Appropriation Act No 4, 1952, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50% of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Great Lakes Fishery Commission—Lamprey research and control

This account was established pursuant to the Great Lakes Fisheries Convention Act, to record the outstanding financial obligations of the Government of Canada. The Department of Fisheries and Oceans is the agent of the Commission and is accountable for the discharge of the Commission's program in the Great Lakes involving sea lamprey eradication and related research.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

Miscellaneous projects deposits—Forestry

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals for the furtherance of forestry research work.

Fines—Indian Act

Fines collected under Sections 85.1 and 104 of the Indian Act, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

Indian agencies revenue trust bank accounts

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

Indian band funds—Shares and certificates

This account was established by Section 61 of the Indian Act, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General of Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

Pursuant to Sections 35 and 61 of the Indian Act, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian moneys suspense account

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys held for individuals and bands, received from rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases and permits, etc, pending proper documentation.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian special accounts

Pursuant to Section 52 of the Indian Act and Section 21 of the Financial Administration Act, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) *Absent or missing heirs*—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.
- (b) *Abitibi fur preserve*—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for taxymen's wages, freight costs, etc.
- (c) *Abitibi fishery*—This account records charges for the operation of the Abitibi sturgeon fish catching project.
- (d) *Indian off-reserve housing*—This account records personal contributions held in trust until paid to the vendor, the builder or legal representative.

1924 Ontario lands agreement

This account was established pursuant to Section 21 of the Financial Administration Act, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the passage of federal and provincial legislation to enact a new Indian Lands Agreement for Ontario.

During the year, interest was credited to the accounts and charged to interest on public debt.

Miscellaneous shared-cost agreements—Industry, Science and Technology

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under various shared-cost agreements.

Tourism cost-sharing agreements

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by external agencies for cost-shared studies. Moneys are disbursed on behalf of the depositors as the specific studies are undertaken.

Federal/provincial agreements—Canadian Space Agency

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received for cost-sharing payments with provinces.

Radarsat

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

Trust fund—National Research Council of Canada

This account was established by the National Research Council Act, to record funds received from departments and agencies and public organizations, to cover expenditures made on their behalf.

Special fund—National Research Council of Canada

This account was established by the National Research Council Act, to record revenue received by the National Research Council of Canada in the amount of \$23,943,623, derived from laboratory fees, \$11,685,020; capital, \$611,000; information services, \$2,986,752; sales of publications, \$6,416,985; and, miscellaneous receipts, \$2,243,866. An amount of \$21,144,335 was charged hereto, of which an amount of \$20,533,335 was credited to National Research Council Vote 60, and \$611,000 to National Research Council Vote 65, to offset expenditures.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

During the year, interest was credited to the account and charged to interest on public debt.

Advance payments—Statistics Canada

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments received from departments, agencies and others to finance the cost of special statistical services.

Child support—Shared-cost project

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from provincial governments and territories in accordance with the agreement respecting the funding of the Federal/Provincial Child Support Guidelines Project.

Upon completion of the project, each province/territory will be reimbursed, on the basis of a prorata share and without interest, for its share of any unspent funds remaining in the account.

Federal Court special account

This account was established pursuant to Section 21 of the Financial Administration Act, to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

During the year, interest was credited to the account and charged to interest on public debt.

Fair wages suspense account

This account is operated under the authority of Section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, Section 251, and the Canada Labour Standards Regulations Section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Labour who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees.

Foreign governments

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

The debit balance in some accounts is the result of a processing delay and will be cleared in the new fiscal year.

North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

The debit balance in this account is the result of a processing delay and will be cleared in the new fiscal year.

Non-government agencies

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are used to pay any liabilities of the Corporation.

Miscellaneous federal/provincial projects—National Health and Welfare

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

Safety evaluation of chemicals

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

World Health Organization

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from the World Health Organization, for scientific projects.

Dyskinesia and torticollis research

This account was established by Section 15 of the Medical Research Council Act, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

During the year, interest was credited to the account and charged to interest on public debt.

Farquharson scholarships

This fund was established by Section 15 of the Medical Research Council Act, to record an award received from the St Boniface General Hospital Research Foundation. The fund was used to provide research scholarships to undergraduate medical students and graduate high school students.

During the year, this account was closed.

Shared-cost agreements—Nova-Scotia—Economic Council of Canada

This account was established pursuant to Section 21 of the Financial Administration Act, to record a contribution of \$45,000 from the Province of Nova-Scotia in accordance with a cost-sharing agreement. The purpose of the agreement is to jointly and separately utilize the integrated longitudinal family database and social assistance administrative data obtained from Statistics Canada and undertake such research as is necessary to improve the development of social policy in Nova-Scotia and Canada.

Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, Appropriation Act No 5, 1973-74. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

During the year, interest was credited to the account and charged to interest on public debt.

Trust fund—Social Sciences and Humanities Research Council

This account was established pursuant to Section 21 of the Financial Administration Act, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

During the year, interest was credited to the account and charged to interest on public debt.

Seized assets

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the Narcotic Control Act. The funds are held pending the Court decision.

Interest on bonds—Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the Canadian and British Insurance Companies Act. Debits represent the payment of the same interest to the insurance companies.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Petro-Canada Enterprises Inc—Shares

This account was established pursuant to Section 21 of the Financial Administration Act, to record the liability to shareholders who have not presented their shares for payment. The closing balance represents 8,932 shares of Petro-Canada Enterprises Inc at \$120.14 per share.

Cartierville Airport account

In accordance with Section 21 of the Financial Administration Act, and following the sale of the Cartierville Airport by the Government to Canadair Limited, this special account was established to hold in deposit \$5,000,000 and to record in the same account the interest earned as approved by the Minister of Finance.

Periodically, this account will be debited with payments to Canadair Limited to reimburse them for repairs and improvement expenses incurred at the Cartierville Airport.

Army benevolent fund

Pursuant to Section 3 of the Army Benevolent Fund Act, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 12.62% per annum was credited semi-annually for the period June 29, 1985 to June 28, 1990, and at the rate of 9.91% for the period June 29, 1990 to June 28, 1995 on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

During the year, interest was credited to the account and charged to interest on public debt.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan Account and the Canada Pension Plan Investment Fund

MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements are the responsibility of the management of the Department of National Health and Welfare. The statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund have been prepared by management in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Preparation of financial information is an integral part of management's broader responsibility for the ongoing operations of the Account and Fund. Management maintains books of account, and a system of financial and management control augmented by the maintenance of an internal audit program; together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently, that operations are carried out effectively and the transactions are in accordance with the Canada Pension Plan and Regulations.

The Auditor General of Canada conducts an independent examination of these statements and reports on his examination to the Minister of National Health and Welfare.

J. G. Soar
Assistant Deputy Minister
Income Security Programs

Margaret Catley-Carlson
Deputy Minister

AUDITOR'S REPORT

TO THE MINISTER OF NATIONAL HEALTH AND WELFARE

I have audited the statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund for the year ended March 31, 1991. These financial statements are the responsibility of the management of the Department of National Health and Welfare. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balance and changes of the Account and the Fund for the year ended March 31, 1991 in accordance with the accounting policies set out in Note 2 to the statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 16, 1991

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

STATEMENT OF THE CANADA PENSION PLAN ACCOUNT FOR THE YEAR ENDED MARCH 31, 1991 (in thousands of dollars)

	1991	1990
Amounts credited		
Contributions—Employees, employers and self-employed	7,968,781	7,278,667
Interest (Note 3)	4,410,935	4,181,861
	12,379,716	11,460,528
Amounts charged		
Benefits		
Retirement pensions	7,045,020	6,290,188
Disability pensions	1,612,356	1,470,123
Survivors' pensions	1,483,113	1,335,545
Death benefits	159,922	149,088
Orphans' benefits	130,601	126,374
Disabled contributors' child benefits	110,900	101,637
	10,541,912	9,472,955
Expenses (Note 4)		
Administration	65,584	58,429
Collection of contributions	63,038	52,533
Cheque issue and computer services	27,083	25,108
Accommodation	4,396	6,700
Assignment and maintenance of social insurance numbers	2,115	1,751
Actuarial services	707	565
	162,923	145,086
	10,704,835	9,618,041
Increase in balance	1,674,881	1,842,487
Balance at beginning of year	39,445,369	37,602,882
Balance at end of year	41,120,250	39,445,369
Represented by:		
Canada Pension Plan Investment Fund	37,661,664	36,483,062
Operating balance on deposit with the Receiver General for Canada	3,458,586	2,962,307
	41,120,250	39,445,369

Contingencies (Note 6)

Approved on behalf of the Department of National Health and Welfare:

J. G. SOAR
Assistant Deputy Minister
Income Security Programs

MARGARET CATLEY-CARLSON
Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

STATEMENT OF THE CANADA PENSION PLAN INVESTMENT FUND FOR THE YEAR ENDED MARCH 31, 1991 (in thousands of dollars)

	Balance at beginning of year	Amounts charged— Purchases	Amounts credited— Redemptions	Balance at end of year
Investment in securities (Note 5)				
Provinces and territory				
Newfoundland	757,572	40,432	16,829	781,175
Prince Edward Island	162,037	9,603	3,474	168,166
Nova Scotia	1,416,173	46,648	34,041	1,428,780
New Brunswick	1,043,812	40,360	25,815	1,058,357
Quebec	131,419	9,789	5,132	136,076
Ontario	16,719,141	799,613	476,038	17,042,716
Manitoba	1,979,198	103,395	51,471	2,031,122
Saskatchewan	1,638,627	90,318	42,868	1,686,077
Alberta	4,444,658	168,395	78,282	4,534,771
British Columbia	5,114,046	309,540	125,104	5,298,482
Yukon Territory	3,726			3,726
	33,410,409	1,618,093	859,054	34,169,448
Canada	3,072,653	425,010	5,447	3,492,216
	36,483,062	2,043,103	864,501	37,661,664

Approved on behalf of the Department of National Health and Welfare:

J. G. SOAR
Assistant Deputy Minister
Income Security Programs

MARGARET CATLEY-CARLSON
Deputy Minister

NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1991

1. (a) Description and authority

The Canada Pension Plan is a 1965 Act of Parliament, to establish a comprehensive program of old age pensions and supplementary benefits in Canada, payable to, and in respect of, contributors. This compulsory and contributory social insurance program (the Plan) enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a parallel plan.

Under the existing Canada Pension Plan legislation, benefits and expenses incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from interest earned on the investment of funds not immediately needed for benefits and administrative costs.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by Section 108.(1) of the Canada Pension Plan to record the contributions, interest, benefits and expenses of the Plan. The authority to pay

benefits under the Plan is limited to the balance of the Account which was \$41,120 million at March 31, 1991.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by Section 109.(1) of the Canada Pension Plan to record the investment in securities of the provinces, territories and Canada.

(b) Financing

Legislation requires that a review of the 25-year schedule of contribution rates shall take place prior to January 1, 1992 and all subsequent reviews shall take place every fifth year thereafter. Based on this review, the Minister of Finance and ministers of the Crown from the included provinces and territories shall review the rates set out in the schedule, and make recommendations as to whether those rates should be changed and as to whether the schedule should be amended to include contribution rates for an additional five years.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1991—Continued

Any major amendments to the Plan that would alter the general level of benefits or the rate of contributions, requires agreement by at least two-thirds of the included provinces having an aggregate of not less than two-thirds of the population.

The current schedule of contribution rates is 4.4% for the 1990 calendar year and 4.6% for the 1991 calendar year. The contributions are (i) by employees, 2.2% of earnings over \$2,800 for 1990 and 2.3% of earnings over \$3,000 for 1991, subject to maximum payments of \$574.20 for 1990 and \$632.50 for 1991, with matching contributions by employers and (ii) by self-employed persons, 4.4% of earnings over \$2,800 for 1990 and 4.6% of earnings over \$3,000 for 1991, subject to maximum payments of \$1,148.40 for 1990 and \$1,265.00 for 1991.

The most recent Actuarial Report as at December 31, 1988, by the Chief Actuary of the Office of the Superintendent of Financial Institutions, reveals that the desirable 2:1 ratio (in accordance with the provisions of section 113.1 (4) (c)) of the Canada Pension Plan Account balance to projected annual payments, will be maintained until 1999. This report was tabled in Parliament in January 1990.

In completing their recent quinquennial review of the CPP financing the Finance Ministers agreed on January 28, 1991 that the annual increase in contribution rates would be 0.20% for calendar years 1992 to 1996, 0.25% from 1997 to 2006, and 0.20% from 2007 to 2016. Under these conditions the Account balance to payment ratio is projected to remain at about 2:1 or above every year until 2016.

2. Accounting policies

Canada Pension Plan Account

The amounts credited and charged to the Account are in accordance with Sections 108.(2) and 108.(3) of the Canada Pension Plan, respectively. Contributions, interest and benefits are recorded on a cash basis. Contributions are received from Revenue Canada—Taxation based on estimates of collections for the current year and adjustments to the estimates of prior years. Expenses are recorded on an accrual basis. The balance of the Account represents the accumulated excess of contributions and interest over benefits and expenses to date.

Canada Pension Plan Investment Fund

The amounts charged and credited to the Fund are in accordance with Section 109.(2) of the Canada Pension Plan. All securities held are carried at cost, are non-negotiable and have a term of 20 years or such lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

3. Interest

	1991	1990
	(in thousands of dollars)	
Interest on investment in securities held by the Fund.		
Provinces and territory		
Newfoundland	83,484	79,955
Prince Edward Island	17,938	17,074
Nova Scotia	155,549	150,431
New Brunswick	113,429	109,540
Quebec	13,697	13,014
Ontario	1,835,716	1,767,892
Manitoba	215,893	207,526
Saskatchewan	179,690	172,190
Alberta	497,373	465,534
British Columbia	571,496	538,761
Yukon Territory	360	360
Canada	3,684,625	3,522,277
	322,901	303,628
	4,007,526	3,825,905
Interest on operating balance on deposit with the Receiver General for Canada, at a weighted-average rate of 12.35% (1990: 11.98%)	403,409	355,956
	4,410,935	4,181,861

The weighted average rate of interest on securities purchased during the year was 10.85% (1990: 9.90%).

4. Expenses

Expenses of the Account represent the costs of services charged by six federal government departments: Health and Welfare (administration); Revenue Canada—Taxation (collection of contributions); Supply and Services (cheque issue and computer services); Public Works (accommodation); Employment and Immigration (assignment and maintenance of social insurance numbers); and the Office of the Superintendent of Financial Institutions (actuarial services).

5. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for the purchase of securities of the provinces, territories and Canada. As required by the Canada Pension Plan, the monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—*Concluded*

NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1991—*Concluded*

6. Contingencies

One legal action is pending in the Federal Court of Canada, Trial Division citing the Canadian Charter of Rights and Freedoms. This action, by a claimant for survivors' benefits, alleges that certain provisions of the Canada Pension Plan legislation discriminate on the basis of age. The estimated claim for this action is \$17,329. If it is successful, similar claims against the Canada Pension Plan Account could arise amounting to \$207 million.

At the end of the 1990-91 fiscal year there were 6,932 appeals at various stages of review within the Plan. The majority of appeals were for medical disability. The estimated claims for these appeals against the Canada Pension Plan Account could be \$40 million.

Government Annuities Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have audited the balance sheet of the Government Annuities Account as at March 31, 1991 and the statements of operations and actuarial liabilities and changes in financial position for the year then ended. These financial statements are the responsibility of the Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with section 15 of the Government Annuities Act, section 15 of the Government Annuities Improvement Act, and the Regulations.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 24, 1991

BALANCE SHEET AS AT MARCH 31, 1991 (in thousands of dollars)

ASSETS	1991	1990	LIABILITIES	1991	1990
Deposit with Receiver General for Canada . .	804,952	844,432	Actuarial surplus due to Canada	2,549	2,513
Accrued interest due from Canada	59,453	62,232	Actuarial liabilities (Note 3)	861,989	904,327
Accounts receivable	133	176			
	864,538	906,840		864,538	906,840

Approved by the Canada Employment and Immigration Commission:

A. KROEGER
Chairman

H. BRAITER
Executive Director
Finance and Administration

Government Annuities Account—Continued

STATEMENT OF OPERATIONS AND ACTUARIAL
LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Payments and other charges		
Annuity payments	97,500	99,072
Premium refunds	1,688	1,654
Unclaimed annuities	348	279
	99,536	101,005
Income		
Interest from Canada	59,453	62,232
Premiums	218	349
Other	76	40
	59,747	62,621
Excess of payments and other charges over income for the year	39,789	38,384
Actuarial liabilities, balance at beginning of the year	904,327	945,224
	864,538	906,840
Actuarial surplus	2,549	2,513
Actuarial liabilities, balance at end of the year (Note 3)	861,989	904,327
Actuarial liabilities are comprised of:		
Unmatured annuities, accumulated premiums and accrued interest	195,153	221,684
Matured annuities, present value	666,836	682,643
	861,989	904,327

STATEMENT OF CHANGES IN FINANCIAL
POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	39,789	38,384
Decrease in accrued interest and accounts receivable	-2,822	-2,925
	36,967	35,459
Actuarial surplus remitted to Consolidated Revenue Fund	2,513	3,052
	39,480	38,511
Total funds used	39,480	38,511
Deposit with Receiver General for Canada, balance at beginning of the year	844,432	882,943
	804,952	844,432
Deposit with Receiver General for Canada, balance at end of the year	804,952	844,432

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and purpose

The Government Annuities Account was established in 1908 by the Government Annuities Act, (the "Act"), as modified by the Government Annuities Improvement Act (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The Improvement Act increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

(b) Actuarial liabilities

Actuarial liabilities comprise: (i) in respect of unmat-
ured annuities, accumulated premiums and accrued
interest, and (ii) in respect of matured annuities, the
present value of such annuities actuarially determined
on the basis of such rate or rates of interest and mortality
tables as is prescribed.

(c) Actuarial surplus

At the end of any fiscal year, the recorded amount of
actuarial liabilities may be different than the calculated
amount of actuarial liabilities. The difference represents
an actuarial surplus or deficit which is remitted to or
recovered from the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is calculated on actuarial liabilities
as prescribed by the Improvement Act.

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to
the Consolidated Revenue Fund in respect of annuities
that could not be paid because the annuitants could not
be located.

(f) Services provided without charge

Administrative services are provided to the Account by
the Canada Employment and Immigration Commission
and by other Government departments without charge.

Government Annuities Account—Concluded**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 1991—Concluded****3. Actuarial liabilities**

The method utilized to calculate the actuarial liabilities of \$861,989,000 (1990—\$904,327,000) is in accordance with subsection 15(1) of the Government Annuities Improvement Act and the Regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The results of the last study, completed in February 1991, indicate that the mortality tables in use continue to be appropriate for such purposes.

Royal Canadian Mounted Police (Dependants) Pension Fund

AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have audited the statement of revenues, expenditures and fund balance of the Royal Canadian Mounted Police (Dependants) Pension Fund for the year ended March 31, 1991. This financial statement is the responsibility of the Fund's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the revenues, expenditures and fund balance of the Fund for the year ended March 31, 1991 in accordance with generally accepted accounting principles.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 26, 1991

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	\$	\$
Revenues		
Interest	2,050,185	1,944,047
Contributions	19,051	19,917
	<u>2,069,236</u>	<u>1,963,964</u>
Expenditures		
Benefits		
Pensions	813,944	758,279
Lump sum payments	92,913	
Contributions withdrawn (recovery)	<u>-4,855</u>	<u>35,921</u>
	<u>902,002</u>	<u>794,200</u>
Excess of revenues over expenditures	1,167,234	1,169,764
Fund balance at the beginning of the year	19,075,100	17,905,336
Fund balance at the end of the year	<u>20,242,334</u>	<u>19,075,100</u>

Certified correct:

ALLAN MCGUIRE
for the Manager
District Services Officer

Approved:

R. G. MOFFATT
Acting/Commissioner

NOTES TO THE FINANCIAL STATEMENT MARCH 31, 1991

1. Description of the plan

The following brief description of the Royal Canadian Mounted Police (Dependants) Pension Fund is for general information only. For more complete information, reference should be made to the Royal Canadian Mounted Police Pension Continuation Act (the Act). All monetary transactions of the Fund are made through the Consolidated Revenue Fund (CRF).

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the Royal Canadian Mounted Police Act and is currently operated under Part IV of the Royal Canadian Mounted Police Continuation Act (effective 1959) and the related Regulations.

The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

(b) Funding Policy

All members under Part IV of the Act have now retired and, as such, there are no more active members contributing to the Fund; however, many retired members are still making instalment payments in respect of previous elections made before their retirement.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund made at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

(c) Government Contributions

So far the Government of Canada has not made any contributions to the Fund as a guarantor of its solvency. On the other hand, the Government of Canada credits the Fund with interest computed quarterly on the balance of the Fund at the end of the preceding quarter. For the quarter ending March 31, 1991, the average rate at which interest was credited was 2.644%, per quarter, which is equivalent to an annual rate of approximately 11.0%.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Concluded*

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 1991—*Concluded*

(d) Basic Death Benefits

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has not withdrawn any part of them from the Fund.

i) Widows' Pensions

The surviving widow of a member is entitled to a pension equal to 1.5% of the member's final pay multiplied by his years of credited service. The pension is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii) Eligible Children's Annuities

An annuity, not exceeding 7% of the member's final pay, is payable to each surviving child eligible in accordance with the provisions of the Act at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

iii) Lump Sum Benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. The lump sum amount is equal to the actuarial value of a pension to a hypothetical surviving widow 20 years older than the member at his death, but not exceeding 75 years of age.

iv) Benefit Limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are smaller than those normally available. This type of limitation can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow. A similar limitation applies to a member who marries before age 60 after termination of service and dies within 5 years after such marriage, unless the member satisfies the Commissioner he is in sound health.

Benefit limitations are also applied to restrict the aggregate of the annual basic pension and annuities payable to the widow and children, to not exceed 70% of the member's final annual pay and allowances.

(e) Dividends on Death Benefits

The Act also provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments to be made out of it, the Governor in Council may by order increase the benefits provided under Part IV, or any of them, in such manner as may appear equitable and expedient.

To date, these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective. As a result, the pension payments made in the fiscal year include an increase of 350% (330% in 1990) of the basic pension amount.

(f) Withdrawal Benefits

A retired non-commissioned officer who did not elect to withdraw his contributions from the Fund upon retirement, retains the right to do so at any time thereafter; however, all his rights under Part IV and those of his dependants shall cease upon such election.

All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

This financial statement is prepared on the going concern basis and presents the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund member.

(b) Revenues and expenditures are recorded on the accrual basis.

3. Supplementary information

The most recent actuarial valuation was made as at March 31, 1988. The valuation disclosed an actuarial surplus of \$2,422,873. A portion, estimated at \$1,346,000, of this surplus was distributed by an increase in the basic pension amount of 20% as at April 1, 1989 and a further increase of 20% as at April 1, 1990.

The calculations of the actuarial present value of contributions and of the pension benefits (including accrued benefits arising from previously authorized surplus distributions at the date of the actuarial valuation) were made using an annual interest rate of 6%. This 6% interest rate reflects the actuary's long term expectation and is much less than the anticipated rate which interest will be credited to the Fund in the near and medium term. The resulting short and medium term anticipated excess interest credits are to provide inflationary protection for the foreseeable future. If currently higher rates of interest had been used in the valuation, it could have led to a significantly higher actuarial surplus.

An actuarial valuation as at March 31, 1990 is currently being finalized.

SECTION 8

1990-91

PUBLIC ACCOUNTS

Other Liabilities

CONTENTS

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Interest and matured debt	8.4
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OTHER LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation.

CHART A
OTHER LIABILITIES
(in millions of dollars)

Chart A presents other liabilities by category for the current fiscal year, while Chart B compares other liabilities for the last five fiscal years. Table 8.1 presents the year-end balances for other liabilities.

The tables in this section present the continuity of accounts, by showing the opening and closing balances, and in certain cases, receipts and other credits, and payments and other charges.

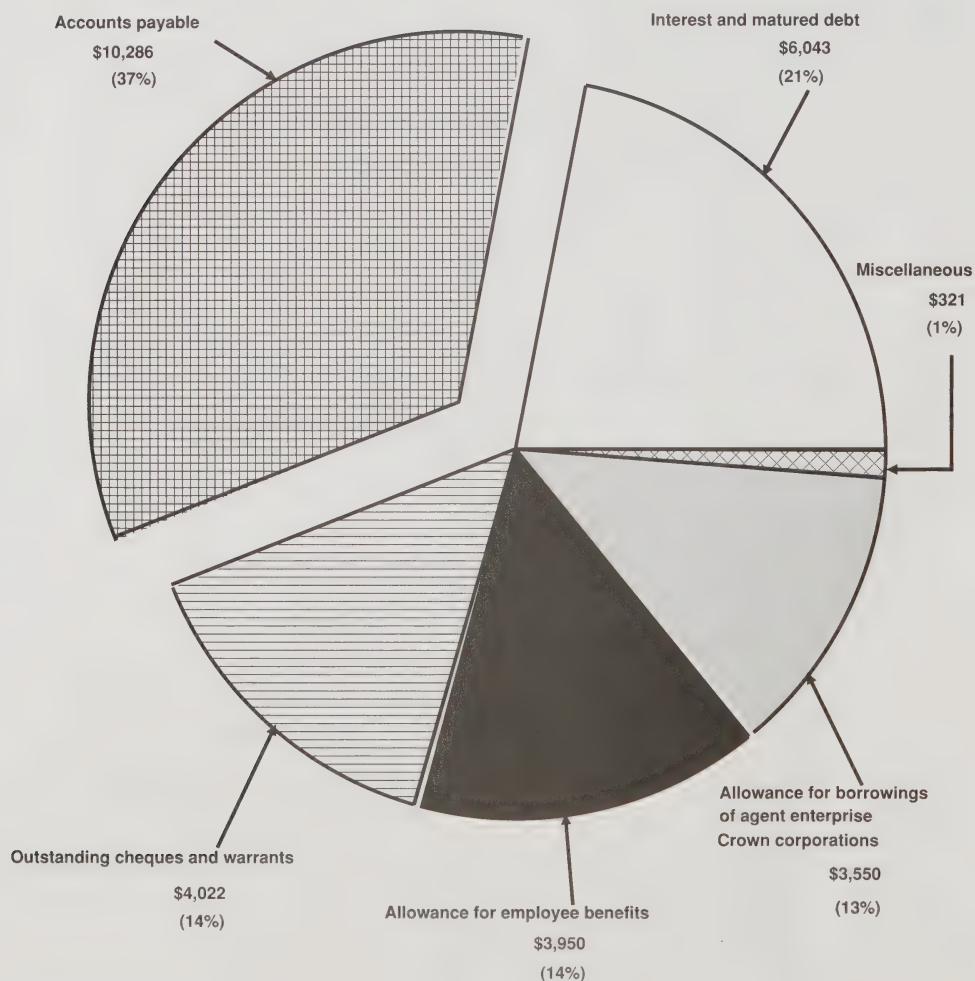


CHART B
OTHER LIABILITIES

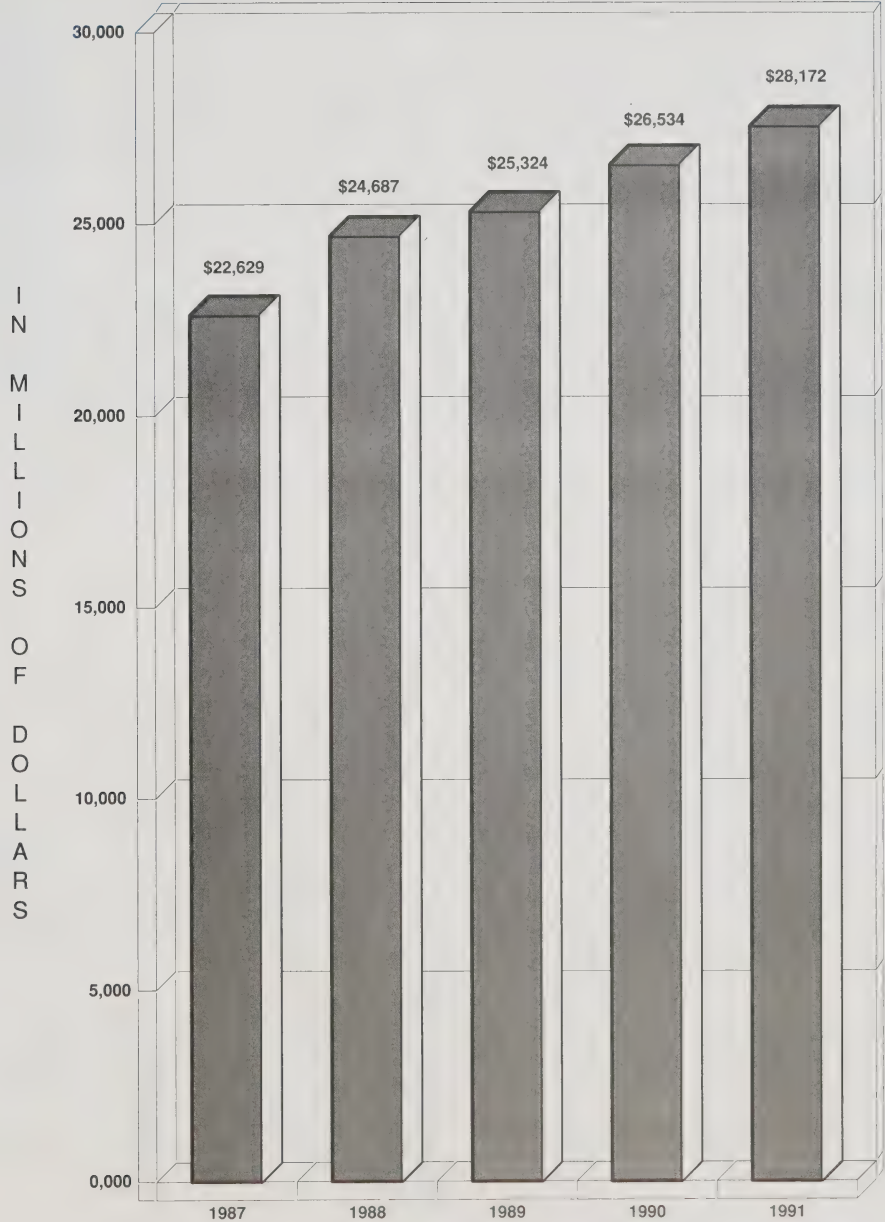


TABLE 8.1

OTHER LIABILITIES

	April 1/1990	March 31/1991
	\$	\$
Interest and matured debt, Table 8.2	10,317,171,237	10,345,583,427
Less: unamortized discount on—		
Canada bills	7,994,442	6,186,198
Treasury bills	4,021,358,343	4,296,156,519
	6,287,818,452	6,043,240,710
Accounts payable	9,197,166,450	9,784,119,618
Add: consolidation adjustment ⁽¹⁾	444,966,000	501,677,000
	9,642,132,450	10,285,796,618
Outstanding cheques and warrants, Table 8.3	2,545,950,191	4,021,983,856
Allowance for employee benefits	4,000,000,000	3,750,000,000
Add: consolidation adjustment ⁽¹⁾	200,000,000	200,000,000
	4,200,000,000	3,950,000,000
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government—		
Borrowings of agent enterprise Crown corporations	16,707,897,000	17,876,551,000
Less: borrowings expected to be repaid by these enterprise Crown corporations	13,157,897,000	14,326,551,000
	3,550,000,000	3,550,000,000
Miscellaneous, Table 8.4	307,883,626	321,310,355
Total	26,533,784,719	28,172,331,539

⁽¹⁾ Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 8.2 presents a summary of the balances in this account.

TABLE 8.2

INTEREST AND MATURED DEBT

	April 1/1990	March 31/1991
	\$	\$
Interest due	4,105,092,867	4,080,869,670
Interest accrued	5,854,196,385	5,912,938,224
Matured debt	357,881,985	351,775,533
Total	10,317,171,237	10,345,583,427

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government of Canada, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized Discount on Canada Bills

This account records the portion of the discount on outstanding Canada bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

Unamortized Discount on Treasury Bills

This account records the portion of the discount on outstanding Treasury bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

TABLE 8.3

OUTSTANDING CHEQUES AND WARRANTS

	April 1/1990	March 31/1991
	\$	\$
Outstanding cheques	2,291,257,381	3,628,563,528
Imprest account cheques	632,493	613,460
Unemployment insurance warrants	254,060,317	392,806,868
Total	2,545,950,191	4,021,983,856

Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$13,988,506 was transferred to revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$81 was transferred to revenue.

Unemployment insurance warrants

This account records outstanding Unemployment insurance benefit warrants.

Accounts Payable

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceiling, accrued amounts to be paid from certain statutory authorities, and accrued financial obligations of consolidated Crown corporations.

Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 8.3 presents a summary of the balances in this account.

Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

Allowance for Borrowings of Agent Enterprise Crown Corporations Expected to be Repaid by the Government

In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 6.7 in Section 6 of this volume).

Other Liabilities—Miscellaneous

Table 8.4 presents a summary of the balances and transactions for other miscellaneous liabilities.

TABLE 8.4

OTHER LIABILITIES—MISCELLANEOUS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
Eldorado Mining and Refining Limited—				
Unpresented capital stock	23,695			23,695
Miscellaneous departmental payroll deductions	48,741,639		27,682,492	21,059,147
Contractors' and other holdbacks—				
Agriculture	1,602,975	16,842	597,871	1,021,946
Atlantic Canada Opportunities Agency	6,633	43,144	44,802	4,975
Communications	965,924	381,293	801,639	545,578
Canadian Radio-television and Telecommunications				
Commission		5,141	5,141	
National Archives of Canada	6,303	54,347	12,605	48,045
National Library		14,375	7,625	6,750
Consumer and Corporate Affairs	126,833	110,670	131,614	105,889
Employment and Immigration	133,392	72,108	145,359	60,141
Energy, Mines and Resources	6,147,829	5,691,694	5,682,097	6,157,426
Atomic Energy Control Board	220,274	134,952	150,234	204,992
Environment	2,483,744	590,615	107,079	2,967,280
External Affairs	1,964,599	904,873	417,281	2,452,191
Canadian International Development Agency	14,698,875	16,790,869	15,533,011	15,956,733
Fisheries and Oceans	2,063,375	851,338	449,256	2,465,457
Forestry	666,544	329,460	664,013	331,991
Indian Affairs and Northern Development	537,748	492,729	481,229	549,248
Industry, Science and Technology	51,616	123,337	133,287	41,666
Canadian Space Agency	561,365	4,931,822	4,039,291	1,453,896
Investment Canada		36,688	8,889	27,799
National Research Council of Canada	4,369,955	6,727,694	7,585,733	3,511,916
Justice	139,965	44,624	74,030	110,559
National Defence	128,700,067	366,104,807	354,040,488	140,764,326
National Health and Welfare	603,343	719,311	616,695	705,959
National Revenue—				
Customs and Excise	157,497	33,908	155,008	36,397
Public Works	25,094,152	34,019,369	34,743,922	24,369,599
Solicitor General—				
Administration program	131,357	180,924	183,548	128,733
Canadian Security Intelligence Service	55,300	174,750	11,220	218,830
Correctional Service	302,964	263,863	409,691	157,136
Royal Canadian Mounted Police	1,698,598	994,811	587,612	2,105,797
Supply and Services	2,528,953	2,732,269	3,785,983	1,475,239
Transport	25,774,319	23,458,175	20,379,979	28,852,515
National Transportation Agency	4,204	15,728	17,745	2,187
Western Economic Diversification	18,796	17,682	14,801	21,677
	221,817,439	467,064,212	452,018,778	236,862,873
Provincial sales tax—				
Communications—				
National Archives of Canada	840	4,515	4,431	924
National Library	1,535	5,489	6,522	502
Energy, Mines and Resources	2,375	10,004	10,953	1,426
Solicitor General—	1,914	154,917	149,028	7,803
Correctional Service	2,728	38,153	39,593	1,288
Royal Canadian Mounted Police	474	44,140	43,186	1,428
	3,202	82,293	82,779	2,716
	7,491	247,214	242,760	11,945
Federal sales tax—				
Solicitor General—Correctional Service	80	1,838	1,859	59
Borrowings of consolidated Crown corporations ^[1]	20,436,000		1,000,000	19,436,000
Suspense accounts	16,857,282	27,059,354		43,916,636
Total	307,883,626	494,372,618	480,945,889	321,310,355

^[1] Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Eldorado Mining and Refining Limited—Unpresented capital stock

The liability of the Government of Canada for the value of the paid-up capital stock of the former company, which has not been redeemed at the close of the year, is recorded herein.

Miscellaneous departmental payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Contractors' and other holdbacks

This account records the amounts withheld to ensure that contracts are carried out as stipulated. Holdbacks are charged to appropriations of departments or agencies concerned, and are credited to this account under Section 42 of the Financial Administration Act. They are paid out in accordance with contracts under regulations of the Treasury Board.

Provincial sales tax

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax on sales made.

Federal sales tax—Correctional Service

Pursuant to Section 43 of the Penitentiary Regulations, this account is credited with federal sales tax on sales made by the Correctional Service of Canada, and is charged with remittances to National Revenue, Customs and Excise.

Borrowings of consolidated Crown corporations

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

SECTION 9

1990-91

PUBLIC ACCOUNTS

Foreign Exchange Accounts

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International Monetary Fund—Subscriptions	9.4
International Monetary Fund—Notes payable	9.4
Special Drawing Rights allocations	9.4
Supplementary statement—	
Exchange Fund Account	9.5

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FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government of Canada which are identified with Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue as premium and discount on exchange, and net losses are charged to budgetary expenditure of the Department of Finance.

Chart A compares the foreign exchange assets and liabilities for the last five fiscal years. Table 9.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$4,526 million as at March 31, 1991 (\$5,675 million as at March 31, 1990); details relating to these obligations are presented in Section 10 of this volume.

CHART A
FOREIGN EXCHANGE ACCOUNTS

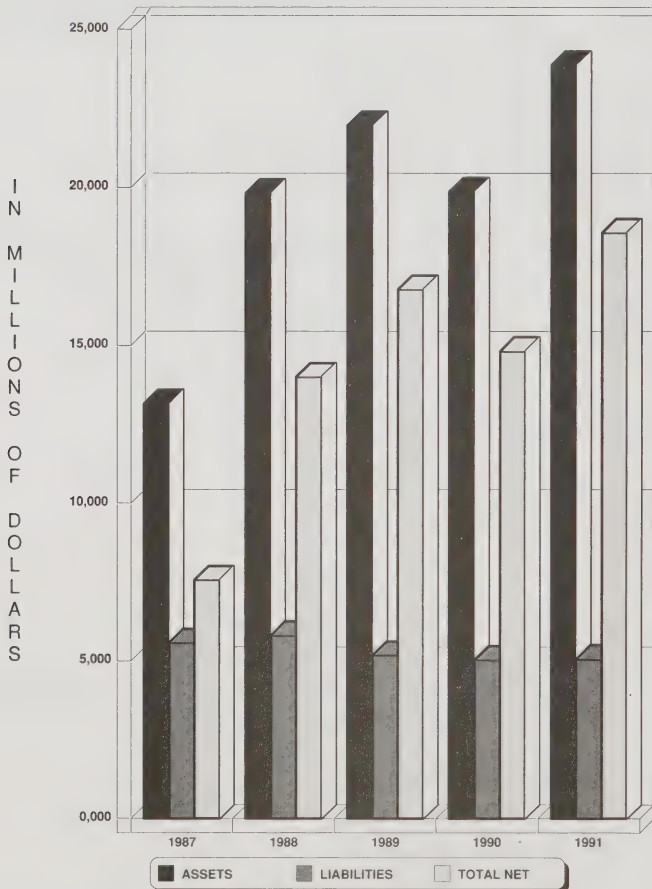


TABLE 9.1

FOREIGN EXCHANGE ACCOUNTS

	April 1/1990	Receipts and other credits	Payments and other charges	March 31/1991
	\$	\$	\$	\$
International reserves held in the Exchange Fund				
Account	15,392,942,882	59,052,511,978	62,725,752,858	19,066,183,762
International Monetary Fund—Subscriptions	4,474,202,120		91,112,180	4,565,314,300
	<i>19,867,145,002</i>	<i>59,052,511,978</i>	<i>62,816,865,038</i>	<i>23,631,498,062</i>
Less: International Monetary Fund—Notes payable	3,858,901,432	248,146,259	253,000,000	3,854,047,691
Special Drawing Rights allocations	1,185,549,463	24,142,404		1,209,691,867
	<i>5,044,450,895</i>	<i>272,288,663</i>	<i>253,000,000</i>	<i>5,063,739,558</i>
Total foreign exchange accounts	14,822,694,107	59,324,800,641	63,069,865,038	18,567,758,504

International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government of Canada to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the Currency Act. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1990, together with the Auditor General's report thereon, are found at the end of this section.

Table 9.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1991. Gold held by the Account is valued at 35 SDRs per fine ounce (\$54.33 Cdn as at March 31, 1991 and \$53.25 Cdn as at March 31, 1990).

In 1990-91, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$62,649.5 million, a valuation adjustment of \$35.7 million and an adjustment of \$40.6 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$59,052.5 million.

TABLE 9.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT (in millions of dollars)

	March 31/ 1991	March 31/ 1990
US cash on deposits	260	219
US dollar short-term deposits	3,635	362
US dollar investments	8,059	8,490
Deutsche marks cash on deposits	20	19
Deutsche marks short-term deposits	1,146	1,441
Japanese yen cash on deposits	67	23
Japanese yen short-term deposits	3,389	2,234
Swiss francs cash on deposits		(1)
Swiss francs short-term deposits		140
Special Drawing Rights	1,697	1,616
Gold	792	848
Canadian cash on deposits	1	1
Total	19,066	15,393
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (1991, US \$ 3,334 million; 1990, US \$ 4,190 million)	3,860	4,900
Swiss francs (1991, SF 200 million; 1990, SF 400 million)	159	312
Japanese yen (1991, Y 60,000 million; 1990, Y 60,000 million)	492	443
Special Drawing Rights (1991, SDR 383.3 million; 1990, SDR 383.3 million)	595	583
Canadian dollar deposit with the Receiver General for Canada	13,919	8,737
Total advances from the Consolidated Revenue Fund	19,025	14,975
Total net income from January 1 to March 31	41	418
Total	19,066	15,393

⁽¹⁾ Less than \$500,000.

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars. In 1990-91, payments and other charges consisted of a maintenance of value adjustment of \$83.7 million and a valuation adjustment of \$7.4 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government of Canada to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1990-91, notes payable to the IMF decreased by \$4.9 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1990-91, receipts and other credits consisted of a valuation adjustment of \$24.1 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Exchange Fund Account as at December 31, 1990 and the statement of income for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Department of Finance, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Exchange Fund Account as at December 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

Further, in my opinion, the Exchange Fund Account for the year ended December 31, 1990 has complied, in all significant respects, with the applicable provisions of the Currency Act.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 26, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990
(in millions of dollars)

ASSETS	1990		1989		LIABILITIES	1990		1989	
	US	C	US	C		C	C		
Denominated in US dollars					Due to the Consolidated Revenue Fund				
Cash and short-term deposits ...	3,427	3,975	1,849	2,141	Advances (Note 8)	14,131		14,199	
Securities (Note 3)	4,467	5,182	7,046	8,163	Net income for the year	2,635		1,604	
	7,894	9,157	8,895	10,304					
Denominated in other foreign currencies									
Cash and short-term deposits (Note 4)	4,273	4,956	2,604	3,017					
Denominated in Special Drawing Rights									
Special Drawing Rights (Note 5)	1,549	1,796	1,398	1,620					
Gold (Note 6)	737	855	741	859					
	2,286	2,651	2,139	2,479					
Official international reserve assets (Note 7)	14,453	16,764	13,638	15,800					
Denominated in Canadian dollars									
Cash		2		3					
		16,766		15,803		16,766		15,803	

Commitments (Note 9)

Approved:

J.W. CROW
Governor
Bank of Canada

FRED GORBET
Deputy Minister
Department of Finance

JOHN MURRAY
Chief, International Department
Bank of Canada

Exchange Fund Account—Continued

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1990
(in millions of Canadian dollars)

	1990	1989
Investment income		
Cash and short-term deposits	446	359
US dollar securities	718	782
Special Drawing Rights	152	130
Gold loans	11	17
	1,327	1,288
Other income		
Gain on sales of gold	523	421
Net valuation gains (losses) (Note 10)	785	-105
	1,308	316
Net income for the year due to the Consol- idated Revenue Fund (Note 2 (e))	2,635	1,604

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1990

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the Currency Act (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar and the Minister acquires or sells for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

2. Significant accounting policies

The following accounting policies, which conform to the stated accounting policies of the Government of Canada, have been applied on a basis consistent with that of the preceding year.

(a) Valuation of assets

US dollar and other securities, are adjusted for amortized premiums and discounts where applicable. These securities and Special Drawing Rights (SDRs) include accrued interest. The SDR is a unit of account created by the International Monetary Fund (IMF) and defined in terms of a "basket" of five major currencies.

Gold includes gold loans and accrued interest on gold loans. The Minister of Finance valued gold in the Account at 35 SDRs per fine ounce. Cash and short-term deposits include accrued interest where applicable.

(b) Translation of foreign currencies and SDRs

Assets and liabilities denominated in foreign currencies are translated into Canadian and US dollars at the year-end exchange rates in foreign exchange markets. Assets and liabilities denominated in SDRs are first translated into US dollars at the year-end US dollar value of the SDR, as calculated by the IMF, and then into Canadian dollars. Investment income in foreign currencies is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded. The assets and liabilities denominated in foreign currencies and SDRs have been translated into Canadian dollars at the following year-end exchange rates:

	1990	1989
US dollar	1.159900	1.158500
Japanese yen	0.008569	0.008048
Swiss franc	0.915857	0.750824
Special Drawing Right	1.650143	1.522454
Deutsche mark	0.778757	0.684674

(c) Investment income

Investment income is recorded on the accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of securities.

(d) Disposition of net income or loss

The net income or loss for the year, including net valuation gains or losses, is payable or chargeable to the Consolidated Revenue Fund (CRF) of the government of Canada within three months after the end of the year in accordance with the Act.

(e) Services provided without charge

The Bank of Canada provides, without charge to the Account, the administrative, custodial, and fiscal agency services. The CRF does not charge interest on advances to the Account (Note 8).

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—Continued

3. Securities denominated in US dollars

	1990		1989	
	US	C	US	C
	(in millions of dollars)			
US Government securities	4,061	4,710	6,356	7,364
Sovereign paper	119	138	278	322
International Bank for Reconstruction and Development bonds	257	298	260	300
Accrued interest	30	36	152	177
	4,467	5,182	7,046	8,163

Estimated market value at year end:

1990—US \$4,552 million (C \$5,280 million)

1989—US \$7,081 million (C \$8,203 million)

4. Cash and short-term deposits denominated in other foreign currencies

	1990		1989	
	US	C	US	C
	(in millions of dollars)			
Japanese yen	3,052	3,540	1,199	1,389
Deutsche marks	1,221	1,416	1,405	1,628
	4,273	4,956	2,604	3,017

5. Special Drawing Rights

	1990	1989
	(in millions of SDRs)	
Held at the end of the year	1,072	1,048
Accrued interest	17	16
	<hr/> 1,089	<hr/> 1,064

	1990		1989	
	US	C	US	C
	(in millions of dollars)			
Held at the end of the year ...	1,526	1,770	1,378	1,596
Accrued interest	23	26	20	24
	1,549	1,796	1,398	1,620

6. Gold

	1990	1989
	(in thousands of fine ounces)	
Held at beginning of the year		
Gold	13,576	14,434
Gold loans	2,525	2,705
	16,101	17,139
Sold during the year	1,338	1,038
Held at end of the year	14,763	16,101
Composed of		
Gold	10,870	13,576
Gold loans	3,893	2,525
	14,763	16,101

	1990		1989	
	US	C	US	C
	(in millions of dollars)			
Held at end of the year				
Gold	541	628	624	723
Gold loans	194	225	116	135
Accrued interest on gold loans	2	2	1	1
	737	855	741	859

The book value, market value (based on London fixings), and approximate Canadian dollar historical cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1990		1989	
	Price per fine ounce	Total value in millions	Price per fine ounce	Total value in millions
Book value —\$ US	49.79	735	46.00	740
—\$ C	57.76	853	53.29	858
Market value—\$ US	391.00	5,773	401.00	6,457
—\$ C	453.52	6,696	464.56	7,480
Approximate historical cost —\$ C	36.91	545	36.91	594

The Minister of Finance has authorized loans and/or sales, at market prices, of part of the gold held by the Account, to the Royal Canadian Mint and others.

Exchange Fund Account—Concluded

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—Concluded

7. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. At December 31, 1990 total reserves, as published by the Department of Finance, amounted to \$US 18.6 billion (1989—\$US 16.8 billion) of which the EFA accounted for \$US 14.5 billion (1989—\$US 13.6 billion). The remainder \$US 4.1 billion (1989—\$US 3.2 billion) is held by the Bank of Canada and the CRF.

8. Due to the Consolidated Revenue Fund—Advances

The Account is funded by advances from the CRF. They are currently limited to C\$ 25 billion by Order in Council dated June 30, 1988. The CRF does not charge interest on advances to the Account. The advances from the CRF are:

	1990	1989
	(in millions of Canadian dollars)	
Canadian dollars	8,346	8,018
US dollars	4,454	4,814
Special Drawing Rights	633	584
Japanese yen	515	483
Swiss francs	183	300
	14,131	14,199

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayment of foreign currency debt is made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations for the Account are charged directly to the CRF.

9. Commitments

Under swap arrangements with the Bank of Canada, the Account sells US dollars to the Bank and agrees to repurchase these amounts at the same exchange rates at which they were sold. These swaps result in a decrease in the Account's assets and in the advances from the CRF. The effect is offset when the swaps are reversed.

Short-term swap arrangements with the Bank of Canada are undertaken to assist in the Bank's cash management operations. Outstanding swaps with the Bank of Canada at year end amounted to:

1990		1989	
US	C	US	C
(in millions of dollars)			
3,420	3,965	2,431	2,820

10. Net valuation gains (losses)

	1990		1989	
	Assets	Liabilities	Total	Total
	(in millions of Canadian dollars)			
US dollars	218	-12	206	-181
Special Drawing Rights	138	-49	89	-54
Gold	70		70	-49
Japanese yen	302	-31	271	55
Deutsche marks	189		189	104
Swiss francs	10	-50	-40	20
	927	-142	785	-105

11. Subsequent event

In February 1991, the Department of Finance implemented a new program of short-term US dollar/Canadian dollar swaps between the Account and major financial institutions. The purpose of the program is to assist the government in managing its domestic cash balances in a more cost-effective manner. Under this initiative, US dollars held by the Account are sold to financial institutions for Canadian dollars with a simultaneous agreement to repurchase the US dollars in the forward market.

In February 1991, foreign exchange swaps with major Canadian financial institutions amounted to US \$1.2 billion resulting in a corresponding decrease in the Account's assets and in Canada's official international reserves. The effect is offset when the swaps are reversed.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

SECTION 10

1990-91

PUBLIC ACCOUNTS

Unmatured Debt

CONTENTS

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Marketable bonds	10.4
Canada savings bonds	10.10
Special non-marketable bonds	10.11
Treasury bills	10.12
Notes and loans	10.13
Canada bills	10.13
Supplementary statements—	
Interest rates	10.14
Maturity of Government debt	10.15
Statement of all borrowing transactions on behalf of Her Majesty	10.16

NOTE TO USER

It would be appreciated if you could complete and return the
Reader's Survey inserted at the beginning of this volume

UNMATURED DEBT

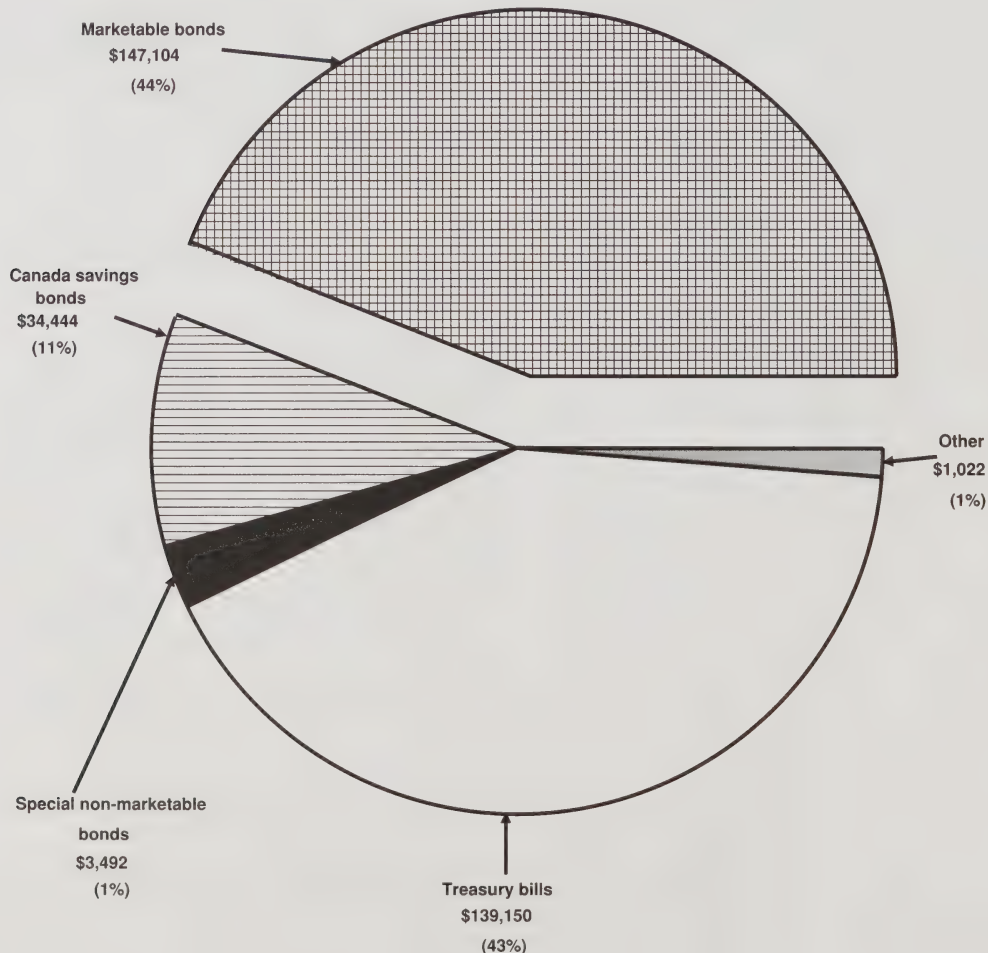
Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as issues and retirements.

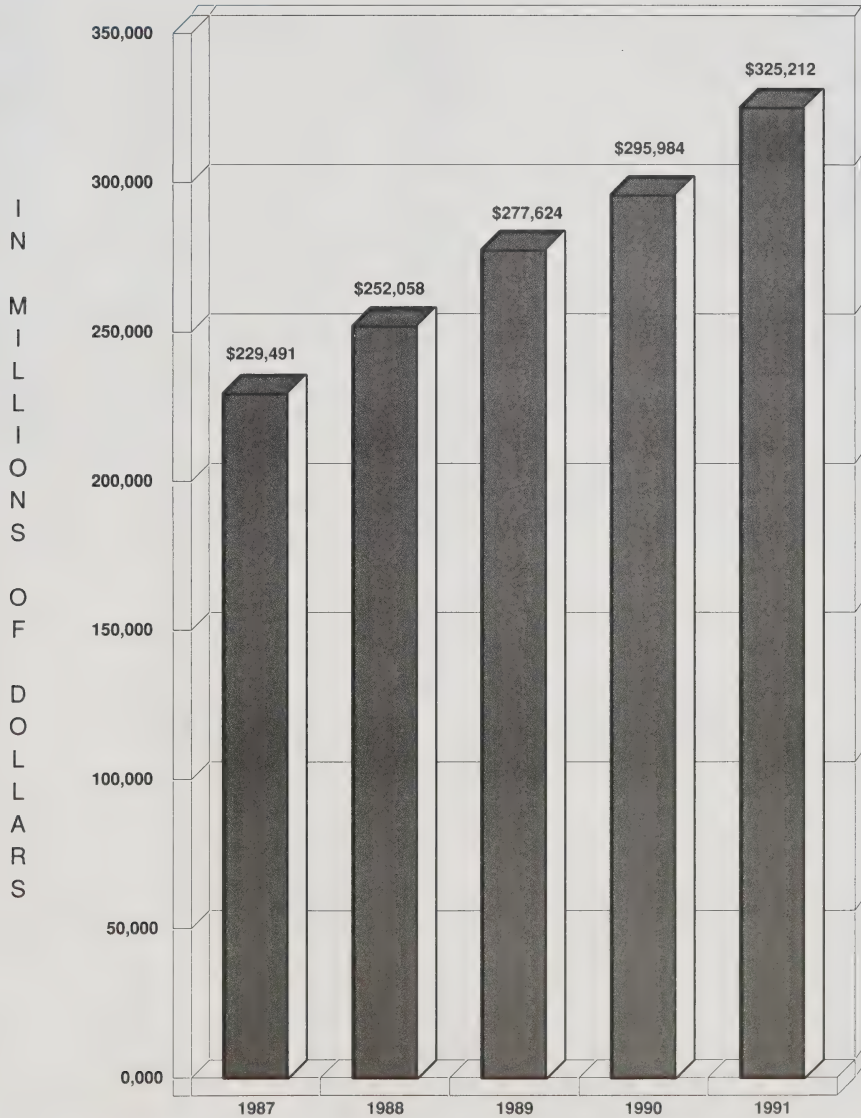
Chart A presents unmatured debt by category for the current fiscal year while Chart B compares unmatured debt for the last five fiscal years. Table 10.1 presents the transactions and year-end balances of unmatured debt.

CHART A
UNMATURED DEBT^[1]
(in millions of dollars)



^[1] Gross basis

CHART B
UNMATURED DEBT ^[1]



^[1] Gross basis

TABLE 10.1

UNMATURED DEBT

	April 1/1990	Issues	Retirements	March 31/1991
	\$	\$	\$	\$
Payable in Canadian currency—				
Marketable bonds, Table 10.2	127,681,510,324	26,750,000,000	10,831,610,000	143,599,900,324
Canada savings bonds, Table 10.3	40,928,676,400	6,749,069,366	13,233,570,466	34,444,175,300
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund, Table 10.4	3,072,653,000	425,010,000	5,447,000	3,492,216,000
Treasury bills, Table 10.5	118,550,000,000	330,950,000,000	310,350,000,000	139,150,000,000
	290,232,839,724	364,874,079,366	334,420,627,466	320,686,291,624
Less: Government's holdings of unmatured debt—				
Marketable bonds	149,577,000	146,332,000	180,925,000	114,984,000
Canada savings bonds held on account of employees	112,332,386	257,556,583	238,627,141	131,261,828
Canada savings bonds held on account of the Payroll Savings Plan	1,029,753,000	1,651,727,000	1,725,312,200	956,167,800
Consolidation adjustment ⁽¹⁾	54,743,000	52,133,000		106,876,000
	1,346,405,386	2,107,748,583	2,144,864,341	1,309,289,628
	288,886,434,338	362,766,330,783	332,275,763,125	319,377,001,996
Payable in foreign currencies—				
Marketable bonds, Table 10.2	4,128,698,538	51,484,283	676,478,150	3,503,704,671
Notes and loans, Table 10.6	177,131,000		163,238,600	13,892,400
Canada bills, Table 10.7	1,445,793,206	6,700,791,832	7,138,513,132	1,008,071,906
	5,751,622,744	6,752,276,115	7,978,229,882	4,525,668,977
Less: Government's holdings of unmatured debt—				
Marketable bonds	75,640,921	93,869,917	169,510,838	
	5,675,981,823	6,658,406,198	7,808,719,044	4,525,668,977
Total unmatured debt	294,562,416,161	369,424,736,981	340,084,482,169	323,902,670,973

Note: this table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

⁽¹⁾ Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 10.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1991.

TABLE 10.2

MARKETABLE BONDS

Maturity date	%	Issue date	Series	April 1/1990	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1991
				\$	\$	\$	\$
Payable in Canadian currency—							
Matured 1990-91							
1990—May 1	5.25	May 1/64-July 1/64					
		Sept 1/65	CT12	225,000,000		225,000,000	
May 1	5.25	Apr 1/67	F12	125,000,000		125,000,000	
May 1	13	May 1/80	J41	1,784,422,000		1,784,422,000	
June 1	11.75	Apr 10/85	H56	150,000,000		150,000,000	
June 6	9.25	June 6/88	A15	550,000,000		550,000,000	
July 1	8	Jan 29/87-Feb 19/87					
		Mar 15/87	H95	600,000,000		600,000,000	
Aug 1	7.5	Apr 16/87	A2	500,000,000		500,000,000	
Aug 1	9	Aug 11/86-June 1/87					
		Sept 1/87	H88	1,025,000,000		1,025,000,000	
Sept 1	10.75	July 12/83-Feb 1/85					
		Feb 19/85	H5	550,000,000		550,000,000	
Sept 5	10.25	Sept 5/88	A19	650,000,000		650,000,000	
Oct 1	10.5	Aug 15/85-Oct 1/85					
		Oct 23/85	H65	1,100,000,000		1,100,000,000	
Oct 1	12.5	Oct 1/80	J49	22,539,000		22,539,000	
Dec 5	10.25	Dec 5/88	A20	650,000,000		650,000,000	
Dec 15	10.25	Nov 15/85-Oct 15/87	H70	575,000,000		575,000,000	
1991—Feb 1	12.5	Feb 1/81	J56	718,974,000		718,974,000	
Mar 1	9.25	Dec 15/85-Apr 10/86					
		Feb 1/88	H73	725,000,000		725,000,000	
Mar 5	11	Mar 5/89	A22	700,000,000		700,000,000	
				10,650,935,000		10,650,935,000	
Maturing 1991-92							
1991—May 1	9.75	Feb 6/86-Mar 15/86					
		Dec 15/87	H75	825,000,000			825,000,000
May 1	14.5	May 1/81	J62	490,857,000			490,857,000
June 1	11	May 1/85-May 22/85	H57	425,000,000			425,000,000
June 6	10.5	June 6/89	A24	550,000,000			550,000,000
July 1	8.5	Apr 28/86-May 22/86					
		June 12/86-July 3/86					
		July 24/86	H83	1,700,000,000			1,700,000,000
Sept 1	9	July 23/87-Feb 25/88					
		Apr 14/88-Aug 4/88	A7	1,725,000,000			1,725,000,000
Sept 6	10.25	Sept 6/89	A26	800,000,000			800,000,000
Oct 1	18	Oct 15/81	J73	392,685,000			392,685,000
Dec 6	10.5	Dec 6/89	A28	900,000,000			900,000,000
Dec 15	11.5	Dec 15/84	H47	225,000,000			225,000,000
Dec 15	8.75	Sept 2/86-Oct 1/86					
		Oct 23/86-Nov 12/86					
		July 1/87	H89	1,850,000,000			1,850,000,000
1992—Feb 1	15.5	Feb 1/82	J76	1,246,186,000			1,246,186,000
Mar 1	8.5	Jan 6/87-May 1/87	H94	1,025,000,000			1,025,000,000
Mar 6	11.5	Mar 6/90	A31	1,000,000,000			1,000,000,000
				13,154,728,000			13,154,728,000
Maturing 1992-93							
1992—Apr 1	7.75	Mar 12/87	A1	600,000,000			600,000,000
June 1	10.25	June 12/85-July 1/85					
		July 23/85-Sept 1/85					
		Sept 24/87-Oct 15/87					
		Sept 1/88	H61	1,850,000,000			1,850,000,000
June 1	15	June 1/82	J82	200,000,000			200,000,000
June 6	12.25	June 6/90	A35		1,000,000,000		1,000,000,000
July 1	9.25	May 21/87-Aug 13/87					
		Sept 1/87-June 1/88					
		Oct 1/89	A4	1,400,000,000			1,400,000,000
July 1	15	July 1/82	J85	398,789,000			398,789,000
Sept 1	5.75	Sept 1/66-Dec 15/66					
		Feb 1/67	F6	225,000,000			225,000,000
Sept 1	14.25	Sept 1/82	J88	648,917,000			648,917,000
Sept 5	10.75	Sept 5/90	A36		1,200,000,000		1,200,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1990	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1991
				\$	\$	\$	\$
Oct 15	13.5	Oct 15/82	J91	400,000,000			400,000,000
Nov 15	12.75	Nov 1/82	J93	500,000,000			500,000,000
Dec 5	10.25	Dec 5/90	A38		1,300,000,000		1,300,000,000
Dec 15	11.75	Nov 22/82-Dec 15/82					
		Aug 1/83-Sept 1/83	J95	2,050,000,000			2,050,000,000
1993—Feb 1	11.25	Feb 1/83-Mar 15/83					
		Apr 27/83-July 12/83	J99	1,850,000,000			1,850,000,000
Mar 5	9.25	Mar 5/91	A41		1,300,000,000		1,300,000,000
				10,122,706,000	4,800,000,000		14,922,706,000
Maturing 1993-94							
1993—Apr 1	10.25	Jan 25/90-Feb 1/90	A29	925,000,000			925,000,000
May 1	10.75	May 15/83-June 21/83					
		Nov 5/87-Mar 15/89					
		Mar 15/90	H3	1,725,000,000			1,725,000,000
June 1	15.25	June 1/81	J65	895,006,000			895,006,000
July 1	8.75	Feb 18/88-Mar 15/88					
		May 5/88	A13	1,625,000,000			1,625,000,000
July 1	14.75	July 1/81	J69	445,459,000			445,459,000
Sept 1	9.5	June 23/88-July 21/88					
		Oct 15/88-Oct 31/88					
		Dec 15/88-Oct 19/89					
		Dec 15/89	A16	2,450,000,000			2,450,000,000
Oct 15	11.75	Sept 27/83-Oct 15/83					
		Feb 1/84-Apr 26/90					
		May 1/90-Aug 1/90	H8	1,025,000,000	1,100,000,000		2,125,000,000
Dec 15	11.5	Nov 8/83-Dec 15/83					
		Feb 21/84	H12	850,000,000			850,000,000
1994—Feb 1	8.75	Dec 15/86	H93	250,000,000			250,000,000
Feb 1	10.25	Jan 5/89-Feb 9/89					
		Oct 1/90-Oct 18/90					
		Dec 15/90-Feb 1/91	A21	1,300,000,000	1,050,000,000		2,350,000,000
Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87	H96	800,000,000			800,000,000
Mar 1	12	Mar 13/84-Apr 10/85	H17	700,000,000			700,000,000
				12,990,465,000	2,150,000,000		15,140,465,000
Maturing 1994-95							
1994—Apr 1	13	Apr 1/84-May 1/84					
		Aug 22/84	H21	1,025,000,000			1,025,000,000
May 15	13.75	June 1/84-July 11/84					
		Aug 1/84	H25	1,200,000,000			1,200,000,000
June 15	9.5	June 15/74-July 1/75					
		Aug 15/75-June 1/76					
		Aug 1/76-Apr 1/77	F85	676,320,000		36,550,000	639,770,000
July 15	7.75	Apr 16/87	A3	400,000,000			400,000,000
July 15	13.5	June 19/84	H29	250,000,000			250,000,000
Oct 1	9.25	June 18/87-July 30/87					
		Feb 1/88-Apr 14/88					
		July 1/89-Aug 1/89					
		Feb 21/91	A6	2,475,000,000	50,000,000		2,525,000,000
Oct 1	12.75	Sept 12/84	H39	475,000,000			475,000,000
Dec 1	6.25	Dec 1/67	F23	125,000			125,000
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000			900,000,000
Dec 15	9.25	Aug 24/89-Oct 1/89					
		Nov 1/89	A25	1,625,000,000			1,625,000,000
1995—Feb 1	11.5	Feb 1/85	H51	375,000,000			375,000,000
Feb 1	12.25	Nov 14/84-Mar 19/85					
Mar 1	10	Jan 5/88-June 1/88	H44	725,000,000			725,000,000
		Aug 11/88-Dec 15/89					
		Feb 1/90-Feb 15/90	A12	2,800,000,000			2,800,000,000
Mar 1	11.75	Dec 15/84-May 1/90	H48	475,000,000	450,000,000		925,000,000
				13,401,445,000	500,000,000	36,550,000	13,864,895,000
Maturing 1995-96							
1995—Apr 1	11.25	Feb 19/85-May 1/85					
		May 22/85	H54	1,350,000,000			1,350,000,000
June 1	10.5	June 12/85-July 1/85					
		July 23/85-Sept 1/85					
		Mar 15/90-April 11/90	H62	2,250,000,000	850,000,000		3,100,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1990	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1991
				\$	\$	\$	\$
Oct 1	6.5	Oct 1/68	F33	100,000,000			100,000,000
Oct 1	10	Oct 1/75-Dec 15/75					
		Feb 1/76-Apr 1/76	F97	677,875,000		19,125,000	658,750,000
Dec 15	10.75	Oct 1/85-Oct 23/85					
		Nov 15/85-Mar 15/89					
		July 26/90-Aug 1/90	H67	1,100,000,000	1,950,000,000		3,050,000,000
1996—Mar 1	10.25	Aug 28/90					
		Feb 6/86-Dec 15/87					
		Sept 22/88-Oct 1/90					
		Dec 15/90-Feb 1/91	H76	1,375,000,000	1,225,000,000		2,600,000,000
		Feb 14/91		6,852,875,000	4,025,000,000	19,125,000	10,858,750,000
Maturing 1996-97							
1996—May 1	9.25	Apr 10/86-June 1/87					
		July 1/87-Mar 31/88					
		July 27/89-Aug 31/89	H80	3,300,000,000			3,300,000,000
June 1	8.75	Apr 28/86-May 22/86					
		July 24/86-Oct 1/86					
		Dec 15/86-May 1/87	H84	2,175,000,000			2,175,000,000
Sept 15	3	Sept 15/36	P1	55,000,000			55,000,000
1997—Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87	H97	1,125,000,000			1,125,000,000
				6,655,000,000			6,655,000,000
Maturing 1997-98							
1997—May 15	9.25	May 15/77-July 1/77					
		Sept 1/77-Feb 1/78	J9	936,000,000		30,000,000	906,000,000
Oct 1	9.75	Aug 13/87-Sept 1/87					
		Nov 15/87-Feb 1/88					
		May 12/88-Jan 4/90					
		Feb 21/91	A8	2,725,000,000	50,000,000		2,775,000,000
[2] 1998—Mar 15	3.75	Sept 15/56	T15	197,045,000			197,045,000
Mar 15	10.75	Oct 15/87-Mar 15/89					
		Apr 13/89-Aug 16/90	A10	1,525,000,000	700,000,000		2,225,000,000
				5,383,045,000	750,000,000	30,000,000	6,103,045,000
Maturing 1998-99							
1998—Oct 1	9.5	June 30/88-July 21/88					
		Nov 15/88-July 1/89	A17	2,200,000,000			2,200,000,000
Dec 1	10.25	Sept 1/88-Oct 15/88					
		Dec 15/88-Jan 26/89	A18	2,275,000,000			2,275,000,000
				4,475,000,000			4,475,000,000
Maturing 1999-2000							
1999—Oct 15	9	Oct 15/77-Dec 15/77	J13	563,750,000		18,125,000	545,625,000
Dec 1	13.5	Dec 1/80	J53	400,000,000			400,000,000
Dec 1	9.25	Sept 21/89-Oct 1/89					
		Nov 16/89-Dec 15/89	A27	2,825,000,000			2,825,000,000
2000—Mar 15	13.75	Mar 31/80-Mar 1/81					
		Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,000
				4,838,750,000		18,125,000	4,820,625,000
Maturing 2000-01							
2000—May 1	9.75	Feb 1/90-Feb 15/90	A30	1,575,000,000			1,575,000,000
July 1	10.5	Mar 15/90-Mar 29/90					
		June 21/90-Aug 1/90	A32	1,350,000,000	1,550,000,000		2,900,000,000
July 1	15	July 1/81	J70	175,000,000			175,000,000
Sept 1	11.5	May 1/90-Nov 1/90	A33		1,200,000,000		1,200,000,000
Dec 15	9.75	Dec 15/78	J22	515,625,000		6,250,000	509,375,000
2001—Feb 1	15.75	June 1/81-July 31/81	J66	425,000,000			425,000,000
Mar 1	10.5	Sept 20/90-Oct 1/90					
		Dec 15/90-Feb 1/91	A37		3,175,000,000		3,175,000,000
				4,040,625,000	5,925,000,000	6,250,000	9,959,375,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1990	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1991
				\$	\$	\$	\$
Maturing 2001-02							
2001—May 1	13	May 1/80-Oct 1/80	J42	1,325,000,000			1,325,000,000
June 1	9.75	Feb 1/81					
		Feb 21/91-Mar 1/91	A40		2,600,000,000		2,600,000,000
Oct 1	9.5	Mar 28/91					
		Oct 1/76-Dec 1/76					
		Apr 1/78-May 15/78					
		July 1/78	J2	1,314,000,000		40,625,000	1,273,375,000
2002—Feb 1	8.75	Feb 1/77	J7	228,000,000		7,500,000	220,500,000
Mar 15	15.5	Mar 31/82-May 1/82	J79	350,000,000			350,000,000
				3,217,000,000	2,600,000,000	48,125,000	5,768,875,000
Maturing 2002-03							
2002—May 1	10	May 1/79-June 1/79					
		July 15/79	J25	1,850,000,000			1,850,000,000
Dec 15	11.25	Dec 15/79-July 1/80					
		May 15/83	J34	1,625,000,000			1,625,000,000
2003—Feb 1	11.75	Feb 1/80-June 1/80					
		Aug 1/80-Feb 1/83					
		Apr 27/83-June 21/83					
		July 12/83	J35	2,700,000,000			2,700,000,000
				6,175,000,000			6,175,000,000
Maturing 2003-04							
2003—Oct 1	9.5	Aug 15/78-Oct 1/78	J18	715,500,000		22,500,000	693,000,000
2004—Feb 1	10.25	Feb 1/79-Mar 15/79					
		Mar 21/79-Aug 15/79	J24	2,200,000,000			2,200,000,000
				2,915,500,000		22,500,000	2,893,000,000
Maturing 2004-05							
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000
2005—Mar 1	12	Oct 15/83-Nov 8/83					
		Dec 15/83-Feb 1/84					
		Feb 21/84-Dec 15/84	H9	1,775,000,000			1,775,000,000
				3,200,000,000			3,200,000,000
Maturing 2005-06							
2005—Sept 1	12.25	Aug 1/83-Sept 1/83					
		Sept 27/83-Apr 10/85	H6	1,375,000,000			1,375,000,000
2006—Mar 1	12.5	Mar 13/84-Nov 14/84					
		Mar 19/85	H18	975,000,000			975,000,000
				2,350,000,000			2,350,000,000
Maturing 2006-07							
2006—Oct 1	14	June 1/84-July 11/84					
		Aug 1/84	H26	1,025,000,000			1,025,000,000
2007—Mar 1	13.75	June 19/84	H30	325,000,000			325,000,000
				1,350,000,000			1,350,000,000
Maturing 2007-08							
2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700,000,000
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			750,000,000
				1,450,000,000			1,450,000,000
Maturing 2008-09							
2008—June 1	10	Dec 15/85-Sept 1/87					
		Feb 1/88-Apr 14/88					
		June 1/88-July 21/88					
		Oct 15/88-Dec 15/88					
		Feb 23/89-June 1/89	H74	3,450,000,000			3,450,000,000
Oct 1	11.75	Feb 1/85-May 1/85	H52	725,000,000			725,000,000
2009—Mar 1	11.5	May 22/85	H58	400,000,000			400,000,000
				4,575,000,000			4,575,000,000
Maturing 2009-10							
2009—June 1	11	Oct 1/85-Oct 23/85					
		Oct 15/87	H68	925,000,000			925,000,000
Oct 1	10.75	June 12/85-July 1/85					
		Sept 1/85-Sept 1/88	H63	1,300,000,000			1,300,000,000
2010—Mar 1	9.75	Mar 15/86	H79	325,000,000			325,000,000
				2,550,000,000			2,550,000,000

TABLE 10.2

MARKETABLE BONDS—*Concluded*

Maturity date	%	Issue date	Series	April 1/1990	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1991
				\$	\$	\$	\$
Maturing 2010-11 2010—June 1	9.5	Apr 10/86-July 1/87 July 1/89-Aug 10/89 Oct 1/89-Dec 15/89	H81	2,975,000,000			2,975,000,000
Oct 1	8.75	Apr 28/86	H85	325,000,000			325,000,000
2011—Mar 1	9	July 3/86-Sept 2/86 Oct 23/86-Dec 15/86 May 1/87-Mar 15/88	H87	1,975,000,000 5,275,000,000			1,975,000,000 5,275,000,000
Maturing 2011-12 2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750,000,000
Maturing 2013-14 2014—Mar 15	10.25	Mar 15/89-Mar 30/89 Mar 15/90-July 1/90 Aug 1/90-Feb 21/91	A23	1,300,000,000	1,850,000,000		3,150,000,000
Maturing 2015-16 2015—June 1	11.25	May 1/90-May 31/90 Oct 1/90-Nov 15/90	A34		2,350,000,000		2,350,000,000
Maturing 2019-20 2019—Dec 31	10.186	Mar 23/90	M1	8,436,324			8,436,324
Maturing 2020-21 2021—Mar 15	10.5	Dec 15/90-Jan 9/91 Feb 1/91	A39		1,800,000,000		1,800,000,000
Total marketable bonds (Canadian currency)				127,681,510,324	26,750,000,000	10,831,610,000	143,599,900,324
Payable in foreign currencies—							
United States dollars—							
1995—July 15	10.125	July 15/85		272,742,604		124,470,176	148,272,428
Nov 21	10	Nov 21/85		584,750,000		5,900,000	578,850,000
1996—Feb 27	9	Feb 27/86		1,169,500,000		11,800,000	1,157,700,000
⁽²⁾ 1998—Apr 1	8.625	Apr 1/78		232,666,177		48,429,799	184,236,378
				2,259,658,781		190,599,975	2,069,058,806
Swiss francs—							
1992—May 10	5.25	May 10/84		156,080,000	3,100,000		159,180,000
Japanese yen—							
⁽³⁾ 1991—Feb 20	6.125	Feb 20/86		479,313,213		479,313,213	
⁽³⁾ 1992—June 25	4.375	June 25/87		650,654,607		6,564,962	644,089,645
⁽³⁾ 1993—July 23	5.625	July 23/86		582,991,937	48,384,283		631,376,220
				1,712,959,757	48,384,283	485,878,175	1,275,465,865
Total marketable bonds (foreign currencies)				4,128,698,538	51,484,283	676,478,150	3,503,704,671
Total				131,810,208,862	26,801,484,283	11,508,088,150	147,103,604,995

⁽¹⁾ Issues and retirements of the marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Subject to redemption before maturity.

⁽³⁾ While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).

Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;
- not subject to call before maturity; and,
- term to maturity of seven years or more.

Table 10.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 10.3

CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1990	Issues	Retirements	March 31/1991
				\$	\$	\$	\$
1990—Nov 1	10.5-11.5	1983-84	S38	3,807,591,900		3,807,591,900	
1991—Nov 1	10.5-11.5-10.75	1984-85	S39	4,274,337,300		857,660,100	3,416,677,200
1992—Nov 1	10.5-11.5-10.75	1985-86	S40	5,540,266,400		942,683,000	4,597,583,400
1993—Nov 1	10.5-11.5-10.75	1986-87	S41	3,428,823,600		634,012,400	2,794,811,200
1997—Nov 1	10.5-11.5-10.75	1987-88	S42	7,902,764,700		1,759,235,000	6,143,529,700
1998—Nov 1	10.5-11.5-10.75	1988-89	S43	7,758,947,700		1,833,385,100	5,925,562,600
2001—Nov 1	10.5-11.5-10.75	1989-90	S44	8,215,944,800		3,167,969,100	5,047,975,700
2002—Nov 1	10.75	1990-91	S45 ⁽¹⁾		6,749,069,366	231,033,866	6,518,035,500
Total				40,928,676,400	6,749,069,366	13,233,570,466	34,444,175,300

⁽¹⁾ S45 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi-annually; and,
- redeemable at face value plus accrued interest.

Table 10.4 presents a summary of the balances and transactions for these special non-marketable bonds.

TABLE 10.4

SPECIAL NON-MARKETABLE BONDS

	April 1/1990	Issues	Retirements	March 31/1991
	\$	\$	\$	\$
Canada Pension Plan Investment Fund—				
Matured 1990-91	5,447,000		5,447,000	
Maturing 1991-92	6,540,000			6,540,000
1992-93	7,112,000			7,112,000
1993-94	7,907,000			7,907,000
1994-95	9,087,000			9,087,000
1995-96	10,217,000			10,217,000
1996-97	10,651,000			10,651,000
1997-98	11,351,000			11,351,000
1998-99	12,015,000			12,015,000
1999-2000	17,709,000			17,709,000
2000-01	22,971,000			22,971,000
2001-02	17,622,000			17,622,000
2002-03	17,414,000			17,414,000
2003-04	17,259,000			17,259,000
2004-05	16,661,000			16,661,000
2005-06	239,955,000			239,955,000
2006-07	1,352,282,000			1,352,282,000
2007-08	699,981,000			699,981,000
2008-09	519,360,000			519,360,000
2009-10	71,112,000			71,112,000
2010-11		425,010,000		425,010,000
Total	3,072,653,000	425,010,000	5,447,000	3,492,216,000

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1991 consists of \$43,700 million in three-month bills; \$44,500 million in six-month bills; and, \$50,950 million in 364-day bills.

Table 10.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 10.5

TREASURY BILL ISSUES AND REDEMPTIONS

(in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1990	12,950	6,450	5,200	24,600	11,600	5,900	2,750	20,250	4,350
May	12,100	6,100	5,950	24,150	11,650	6,500	5,850	24,000	150
June	15,800	7,800	6,400	30,000	15,850	7,900	5,150	28,900	1,100
July	12,300	6,100	7,100	25,500	12,950	5,800	5,850	24,600	900
August	17,150	8,600	8,600	34,350	14,900	7,450	6,150	28,500	5,850
September	13,100	6,550	5,000	24,650	13,000	6,250	6,000	25,250	-600
October	12,500	6,200	6,500	25,200	12,300	6,450	5,000	23,750	1,450
November	16,400	8,400	7,750	32,550	17,150	7,500	5,050	29,700	2,850
December	14,400	7,400	5,500	27,300	13,100	6,400	7,000	26,500	800
January, 1991	13,400	7,100	5,600	26,100	12,500	6,100	4,150	22,750	3,350
February	12,700	6,450	4,400	23,550	12,800	6,800	4,700	24,300	-750
March	17,600	8,950	6,450	33,000	18,000	8,350	5,500	31,850	1,150
Balance at April 1, 1990	170,400	86,100	74,450	330,950	165,800	81,400	63,150	310,350	20,600
Balance at March 31, 1991									118,550
									139,150

Notes and Loans

These accounts record borrowings made under agreements with banks in Switzerland. They also record the borrowings of Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc) which were directly assumed by the Government of Canada pursuant to Regional Industrial Expansion Vote 7c, Appropriation Act No. 4, 1984-85.

The balance at March 31, 1991 consist of notes of \$12,000,000 US (\$13,892,400 Cdn), assumed from Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc).

The foreign currency balance was translated into Canadian dollars using the year-end closing rate of exchange at March 31, 1991.

Table 10.6 presents a summary of the balances and transactions for the notes and loans.

TABLE 10.6

NOTES AND LOANS

Maturity date	%	Issue date	April 1/1990	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1991
			\$	\$	\$	\$
Payable in foreign currencies—						
United States dollars—						
Debts assumed from Canadair						
Financial Corporation Inc ⁽²⁾ —						
1992—April 26	8.5	various	21,051,000		7,158,600	13,892,400
Swiss francs—						
1990—May 15	5.125	May 15/84	156,080,000		156,080,000	
Total			177,131,000		163,238,600	13,892,400

⁽¹⁾ Issues and retirements include the translation of foreign currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Subject to redemption before maturity.

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;

- transferable; and,
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1991.

Table 10.7 presents a monthly summary of Canada bill issues and redemptions.

TABLE 10.7

CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1990	580,099,998	1,145,297,198	-565,197,200
May	514,558,296	438,846,810	75,711,486
June	598,835,496	554,435,760	44,399,736
July	279,316,002	412,701,231	-133,385,229
August	490,060,825	468,838,184	21,222,641
September	485,175,770	523,656,649	-38,480,879
October	668,064,819	506,158,365	161,906,454
November	749,165,920	680,928,477	68,237,443
December	579,253,545	537,033,187	42,220,358
January, 1991	580,600,410	620,863,605	-40,263,195
February	579,669,364	667,381,080	-87,711,716
March	595,274,232	582,372,586	12,901,646
	6,700,074,677	7,138,513,132	-438,438,455
Balance at April 1, 1990			1,445,793,206
Balance before valuation			1,007,354,751
Exchange valuation adjustment at March 31, 1991			717,155
Balance at March 31, 1991			1,008,071,906

SUPPLEMENTARY STATEMENTS

Interest Rates

Table 10.8 sets out unmatured debt as at March 31, for each of the years 1986-87 to 1990-91 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills.

TABLE 10.8

UNMATURED DEBT AS AT MARCH 31, FROM 1987 TO 1991, WITH THE AVERAGE RATE OF INTEREST THEREON

	Non-marketable bonds													
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills		Total unmatured debt (gross)	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1991	147,104	10.52	34,444	10.75	3,492	10.19	139,150	10.97	14	8.50	1,008	6.42	325,212	10.72
1990	131,810	10.48	40,929	10.50	3,072	10.03	118,550	12.32	177	5.53	1,446	8.20	295,984	11.20
1989	121,121	10.61	47,756	10.50	3,005	10.03	102,700	11.30	1,911	8.73	1,131	9.41	277,624	10.82
1988	110,222	10.62	53,323	9.18	2,492	9.98	81,050	8.57	3,926	8.73	1,045	6.77	252,058	9.61
1987	100,294	10.90	44,309	8.35	1,796	10.00	76,950	7.87	5,097	9.82	1,045	5.81	229,491	9.34

Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 10.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1986-87 to 1990-91 inclusively.

TABLE 10.9

TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended March 31	High	Low	Last issue
	%	%	%
Three-month bills—			
1991	13.80	9.66	9.67
1990	13.26	11.89	13.26
1989	12.15	8.63	12.14
1988	9.58	6.90	8.53
1987	9.89	6.80	6.80
Six-month bills—			
1991	13.84	9.54	9.66
1990	13.59	11.59	13.59
1989	12.76	8.93	12.58
1988	10.53	7.17	8.81
1987	9.67	6.94	6.94
Other bills—			
1991	13.93	9.22	9.56
1990	13.51	10.97	13.51
1989	12.88	9.23	12.66
1988	11.10	7.38	9.02
1987	9.66	7.13	7.19

Maturity of Government Debt

Table 10.10 presents total unmatured debt arranged in order of maturity.

TABLE 10.10

MATURITY OF GOVERNMENT DEBT

	Non-marketable bonds												Total unmatured debt (gross)	
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills			
	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate				
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount		
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1992	13,155	10.54	3,417	10.75	6	7.08	139,150	10.97	14	8.50	1,008	6.42	156,736	10.90
1993	15,726	10.61	4,597	10.75	7	7.36							20,344	10.64
1994	15,772	10.48	2,795	10.75	8	7.53							18,575	10.52
1995	13,865	10.83			9	8.55							13,874	10.83
1996	12,744	10.37			10	8.94							12,754	10.37
1997/2001	32,197	10.03	12,069	10.75	75	10.68							44,341	10.23
2002/06 ...	20,387	11.12	11,566	10.75	309	11.85							32,262	10.99
2007/11 ...	15,200	10.61			3,068	10.04							18,268	10.52
2012/16 ...	6,250	10.42											6,250	10.42
2017/21 ...	1,808	10.50											1,808	10.50
	147,104	10.52	34,444	10.75	3,492	10.19	139,150	10.97	14	8.50	1,008	6.42	325,212	10.72

Note: this table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 10.11 presents the information required by Section 49 of the Financial Administration Act. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations which are reported as such on the Government's Statement of Assets and Liabilities, except where the Government is the lender. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 10.11

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1990	Issues/ Borrowings	Retirements	March 31/1991
Unmatured debt of the Government of Canada ⁽¹⁾	294,562	369,425	340,084	323,903
Borrowings of enterprise Crown corporations designated as agents of Her Majesty ⁽²⁾	16,708	100,022	98,853	17,877
Total	311,270	469,447	438,937	341,780

⁽¹⁾ Details can be found in this section.

⁽²⁾ Details can be found in Section 6 (Table 6.7) of this volume.

SECTION 11

1990-91

PUBLIC ACCOUNTS

Other Information Related to the Financial Statements

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NOTE TO USER

It would be appreciated if you could complete and return the
Reader's Survey inserted at the beginning of this volume

OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- accounts receivable;
- cash in transit;
- cash;
- fixed assets; and,
- accumulated deficit.

TABLE 11.1
ACCOUNTS RECEIVABLE

	April 1/1990	Credits	Charges	March 31/1991
	\$	\$	\$	\$
Non-tax revenue receivable ^[1]	1,998,000,000		456,000,000	2,454,000,000
Other receivables ^[2]	100,752,552	100,752,552	309,284,000	309,284,000
Accounts receivable of consolidated Crown corporations ^[3]	321,648,000		80,167,000	401,815,000
Total	2,420,400,552	100,752,552	845,451,000	3,165,099,000

^[1] Non-tax revenue receivable is net of an allowance for doubtful accounts of \$1,508 million for 1991 (\$998 million for 1990).

^[2] This account was previously reported in Table 11.4 as part of Moneys received after March 31 but applicable to the current year.

^[3] Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Non-tax revenue receivable

This account records accrued financial claims arising from non-tax revenue amounts owed to the Government. Non-tax revenue receivable is to be accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Table 11.2 presents additional disclosure of information related to long-term accounts receivable for non-tax revenue. A long-term account receivable is defined as an account receivable not collectable until at least 12 months after the accounting date.

TABLE 11.2
LONG-TERM ACCOUNTS RECEIVABLE FOR NON-TAX REVENUE
(in thousands of dollars)

	1991			1990
	Gross accounts receivable	Allowance for doubtful accounts	Net accounts receivable	Net accounts receivable
Categories of long-term accounts receivable for non-tax revenue				
Non-tax revenue receivable—				
Return on investments	126,851		126,851	129,563 *
Refunds of previous years' expenditure	657,138	222,735	434,403	356,372 *
Privileges, licences and permits	6,803	2,484	4,319	4,917 *
Services and service fees	2,761		2,761	
Proceeds from sales	1,645	1,079	566	786
Other non-tax revenue receivable	5,621		5,621	5,890
Total non-tax revenue receivable	800,819	226,298	574,521	497,528 *

* Comparative figures for the previous year have been restated.

Accounts Receivable

Table 11.1 presents a summary of the balances and transactions for accounts receivable. Chart A compares accounts receivable for the last five fiscal years.

Table 11.3 presents the aging for non-tax revenue receivable (net of allowance for doubtful accounts) for the period over which claims at March 31, 1991 have been outstanding.

CHART A
ACCOUNTS RECEIVABLE

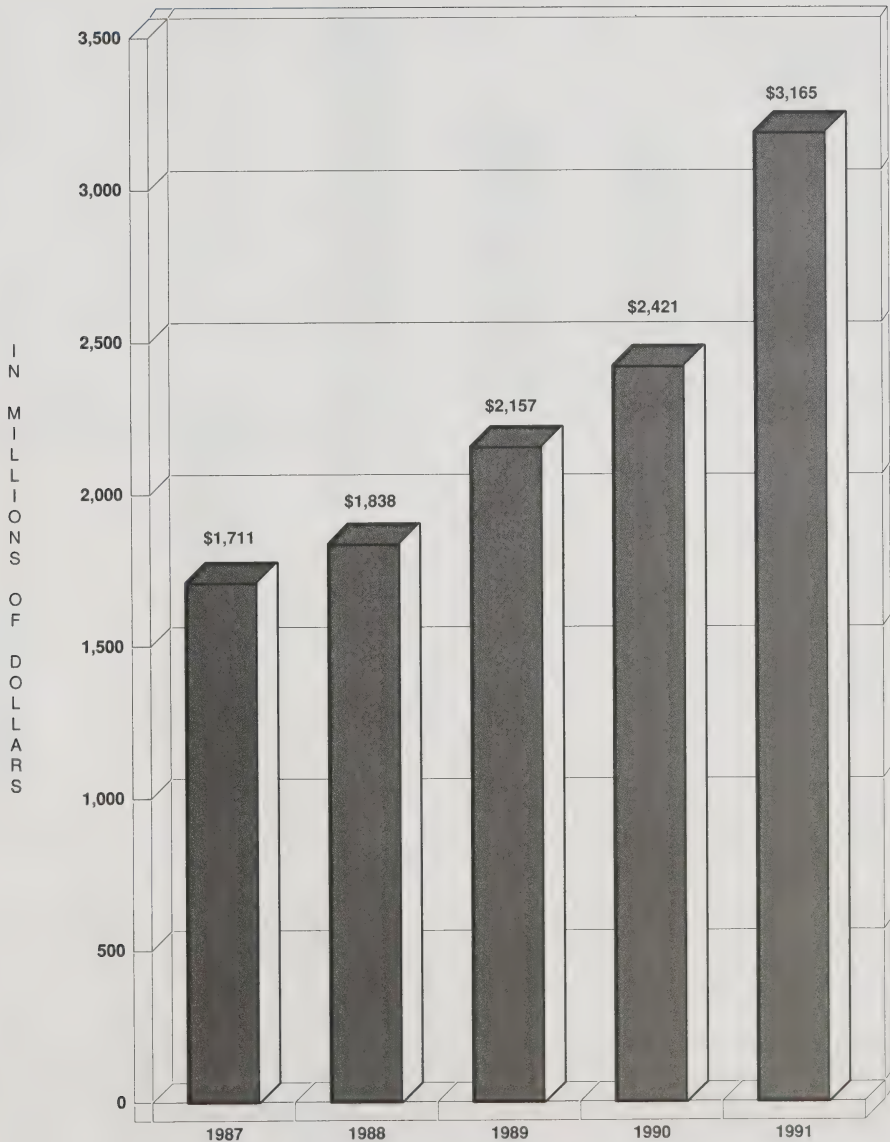


TABLE 11.3**AGING FOR NON-TAX REVENUE RECEIVABLE**
(in thousands of dollars)

Categories of non-tax revenue receivable	Outstanding days				Total as at March 31, 1991
	0—30	31—60	61—90	Over 90	
Return on investments	147,682	105	2,113	34,799	184,699
Proceeds from sales	9,366	6,742	2,821	4,679	23,608
Refunds of previous years' expenditure	4,703	1,197	1,642	99,824	107,366
Privileges, licences and permits	3,343	1,293	358	5,139	10,133
Services and service fees	206,217	63,527	22,641	106,953	399,338
Domestic coinage	2			1	3
Miscellaneous	171,942	13,635	96,067	486,380	768,024
	543,255	86,499	125,642	737,775	1,493,171 ⁽¹⁾
Other amounts					960,829
Total non-tax revenue receivable (net of allowance for doubtful accounts)					2,454,000

⁽¹⁾ This amount represents long-term accounts receivable and other amounts, which if included, would cause the aging schedule to be misleading.

Other receivables

This account records public moneys received after March 31, but applicable to the year just ended. It includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to non-tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

TABLE 11.4**CASH IN TRANSIT**

	April 1/1990	Credits	Charges	March 31/1991
	\$	\$	\$	\$
Cash in hands of collectors in transit	1,776,203,283	1,776,203,283	1,772,373,171	1,772,373,171
Moneys received after March 31 but applicable to the current year	187,799,552	187,799,552	541,268,509	541,268,509
Less: portion transferred to accounts receivable—Other receivables ⁽¹⁾	100,752,552	309,284,000	100,752,552	309,284,000
	87,047,000	497,083,552	642,021,061	231,984,509
Other cash—Consolidated Crown corporations ⁽²⁾	172,120,000		19,510,000	191,630,000
Total	2,035,370,283	2,273,286,835	2,433,904,232	2,195,987,680

⁽¹⁾ This account represents refunds of old year expenditure received prior to the closing of the accounts and credits to non-tax revenue accounts. This account is now reported in Table 11.1 as Other receivables.

⁽²⁾ Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

Accounts receivable of consolidated Crown corporations

This account records the financial claims of consolidated Crown corporations.

Cash in Transit

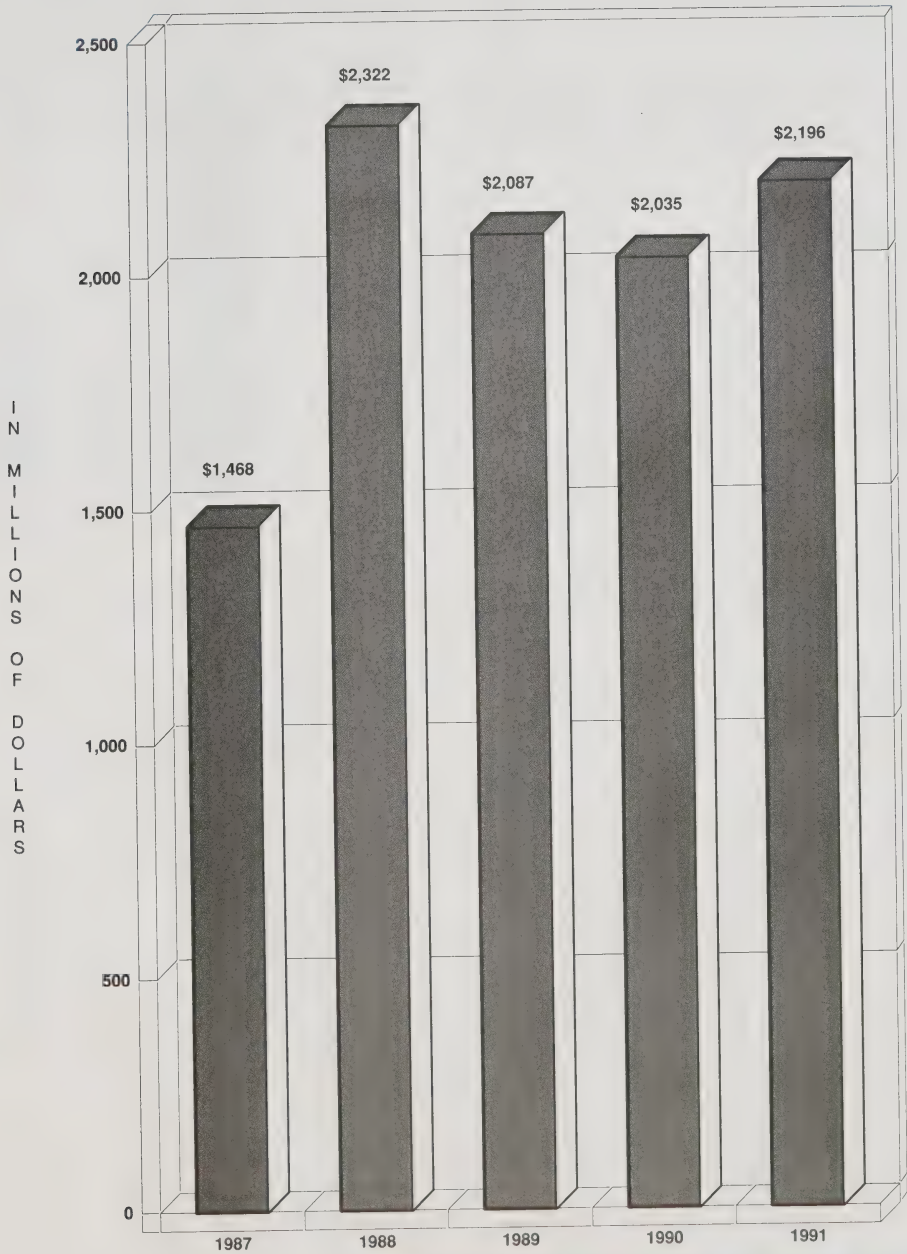
Table 11.4 presents a summary of the balances and transactions for cash in transit. Chart B compares cash in transit for the last five fiscal years.

This account includes receipts to be credited to asset, liability, (in exceptional cases) tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.

CHART B
CASH IN TRANSIT



Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

TABLE 11.5

CASH

	April 1/1990	Receipts	Disbursements	March 31/1991
	\$	\$	\$	\$
Receiver General—				
Current deposits—				
Canadian currency	1,369,320,533	578,091,697,419	577,001,744,681	2,459,273,271
Foreign currencies	119,904,269	2,144,293,830	2,155,723,306	108,474,793
Special deposits	22,467,918	1,059,435,077	1,080,825,065	1,077,930
Total	1,511,692,720	581,295,426,326	580,238,293,052	2,568,825,994

Receiver General current deposits

The monthly balances of Canadian and foreign currency deposits for the last five years are presented in the following tables:

TABLE 11.6

CASH IN CANADIAN CURRENCY DEPOSITS (in millions of dollars)

At end of month of	Year ended March 31				
	1991	1990	1989	1988	1987
April	1,458	821	865	7,268	3,491
May	2,928	3,353	3,874	4,046	4,874
June	1,675	2,636	2,348	615	2,951
July	1,280	1,466	3,588	3,101	3,190
August	1,555	3,112	3,021	1,814	2,474
September	1,192	869	1,953	2,532	1,658
October	2,130	1,064	5,028	5,624	5,104
November	1,664	331	76	7,154	2,141
December	3,958	2,658	3,083	2,942	3,343
January	3,652	4,241	912	2,829	3,123
February	2,012	2,981	988	2,654	4,075
March	2,459	1,369	1,708	1,381	4,479

Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

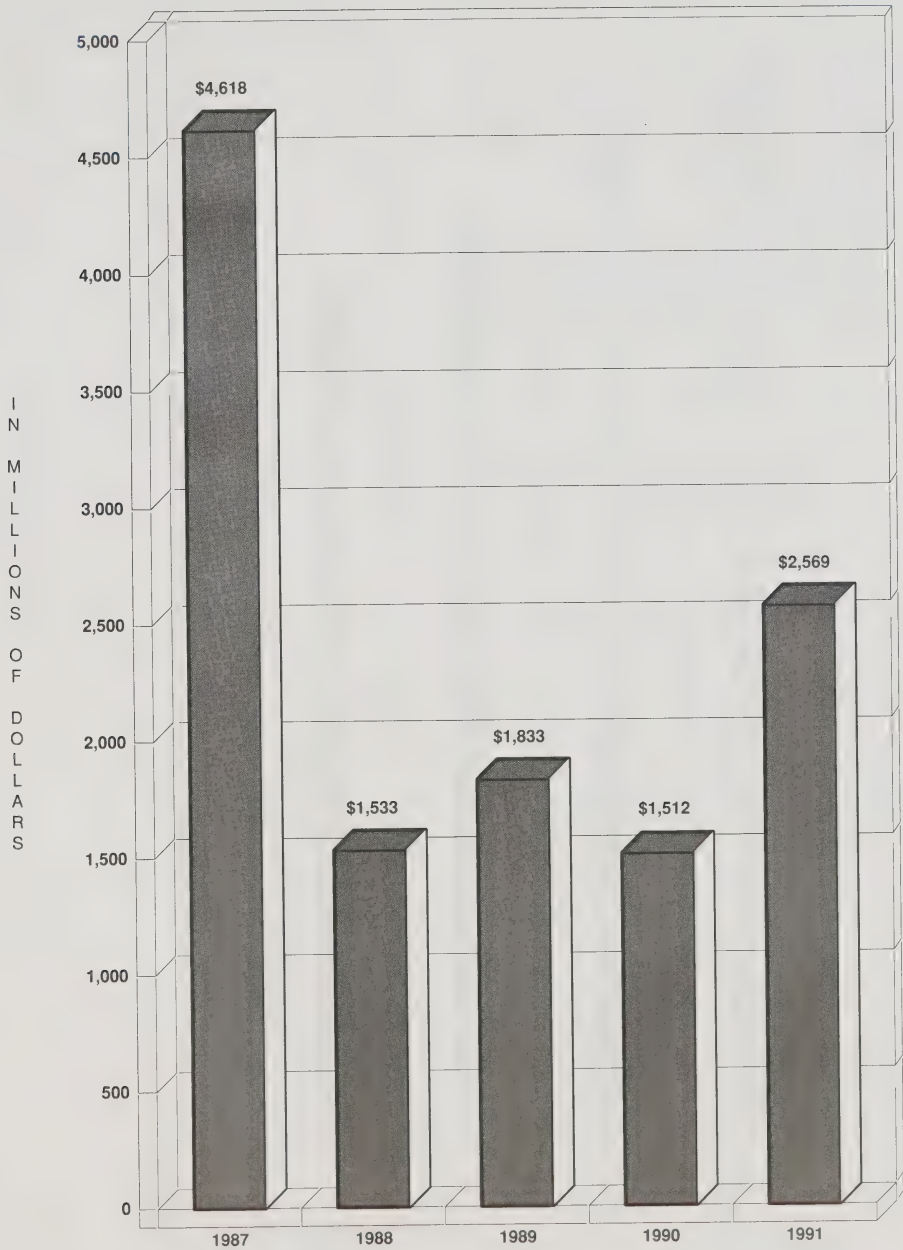
Table 11.5 presents a summary of the balances and related transactions in current and special Receiver General deposits. Chart C compares cash for the last five fiscal years.

The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and West German marks.

TABLE 11.7

CASH IN FOREIGN CURRENCY DEPOSITS (translated into Canadian dollars) (in millions of dollars)

At end of month of	Year ended March 31				
	1991	1990	1989	1988	1987
April	57	51	110	74	73
May	83	77	95	81	82
June	113	79	99	111	71
July	92	84	97	106	83
August	83	55	80	83	83
September	77	65	91	72	63
October	85	51	116	70	57
November	61	80	50	79	81
December	74	40	40	87	105
January	56	73	61	107	79
February	72	84	151	78	73
March	108	120	101	136	122

CHART C
CASH

Fixed Assets

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, from which benefits are expected to be derived during their useful lives.

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction, in accordance with the accounting policies of the Government of Canada which are described in Note 1 to the audited financial statements (Section 2 of this volume).

Accumulated Deficit

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

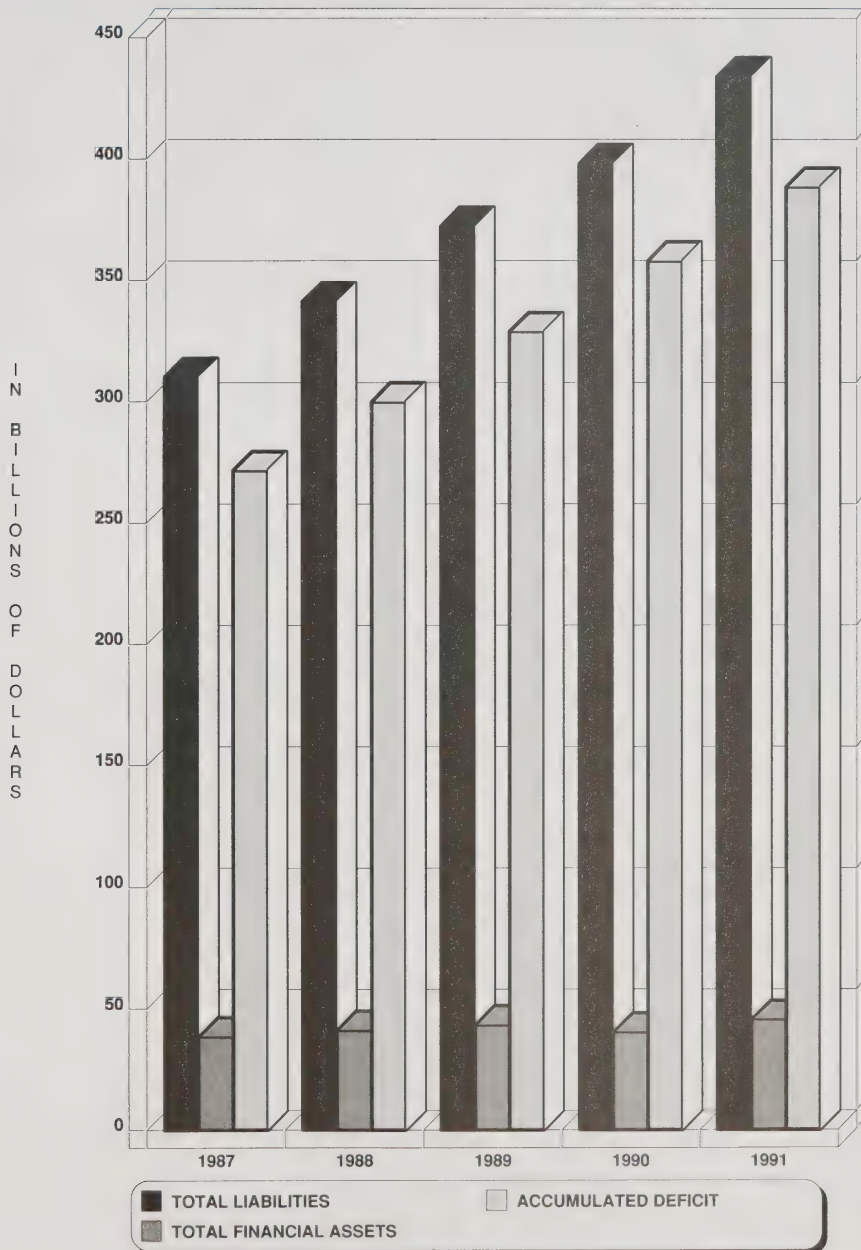
A Statement of Accumulated Deficit is published in Section 2 of this volume.

Table 11.8 presents a five year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets. Chart D compares the accumulated deficit in terms of total liabilities and total financial assets for the last five fiscal years.

TABLE 11.8
STATEMENT OF ACCUMULATED DEFICIT IN
TERMS OF TOTAL LIABILITIES AND TOTAL
FINANCIAL ASSETS
(in millions of dollars)

As at March 31	Total liabilities	Less: total financial assets	Accumulated deficit	
			Amount	Increase or decrease (—)
1991	433,932	45,503	388,429	30,618
1990	398,036	40,225	357,811	28,996
1989	372,147	43,332	328,815	28,951
1988	341,132	41,268	299,864	28,201
1987	310,110	38,447	271,663	30,733

CHART D
ACCUMULATED DEFICIT



OTHER INFORMATION

Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All outstanding contractual commitments of \$100 million or more per project at year end are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

Fixed assets, purchases and operating leases

Table 11.9 provides details of contractual commitments that involve fixed assets, operating leases and purchases. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 14 to the audited financial statements in Section 2 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto and including military equipment, from which benefits are expected to be derived during their useful life and including land.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incidental to ownership of property. There were no contractual operating leases in excess of \$100 million outstanding at year end.

TABLE 11.9

FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1991
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					1997 and subse- quently
					1992	1993	1994	1995	1996	
Fixed assets—										
Industry, Science and										
Technology										
National Research Council										
of Canada—										
Canadian Space										
Station	206	206	80	126	116	10				
National Defence—										
Tribal Class										
Update and										
Modernization Pro-										
gram—Warships	1,738	1,539	1,101	438	130	171	99	38		
Arctic and										
maritime										
surveillance										
aircraft	230	186	7	179	161	18				
Low Level Air										
Defence—Anti-air-										
craft guns and surface-										
to-air missiles	1,114	982	554	428	200	149	41	14	24	
Canadian Patrol										
Frigate										
Program—Warships ..	9,276	7,500	4,997	2,503	668	491	377	274	145	548

TABLE 11.9

FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1991—*Concluded*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					1997 and subse- quently
					1992	1993	1994	1995	1996	
North American Air Defence Modernization— Land, buildings, radar sites and communications equipment	1,201	873	675	198	125	69	4			
National Revenue—Taxation Computers	149	149		149	24	24	28	33	40	
Transport— Automated flight data processing and display systems ..	377	377	39	338	65	53	53	110	53	4
Sub total	14,291	11,812	7,453	4,359	1,489	985	602	469	262	552
Consolidated Crown corporations— VIA Rail Canada Inc Land maintenance		181		181	1	1	1	2	2	174
Sub total		181		181	1	1	1	2	2	174
Total fixed assets	14,291	11,993	7,453	4,540	1,490	986	603	471	264	726
Purchases — Industry, Science and Technology Canadian Space Agency— Radarsat Project	105	105	92	13	13					
National Defence— Ammunition	1,780	1,780	1,543	237	171	36	30			
Total purchases	1,885	1,885	1,635	250	184	36	30			
Total	16,176	13,878	9,088	4,790	1,674	1,022	633	471	264	726

Capital Leases

Table 11.10 provides details of commitments under capital lease arrangements which are summarized in Note 14 to the audited financial statements in Section 2 of this volume. A capital lease is a lease that, from the point of view of the Government, transfers substantially all the benefits and risks incident to ownership of the asset to the Government. Table 11.11 presents commitments under capital lease arrangements in order of maturity. Table 11.12 presents details of purchase options exercised during the year.

TABLE 11.10

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS

(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1991		
						Total estimated remaining mini- mum lease payments	Less: imputed interest, using the implicit interest rate	Net commit- ments under capital lease arrange- ments
Communications— National Film Board Vax System 3600	March 9, 1989	5	1,515	1,637	9.5	881	75	806
Industry, Science and Technology Computers	Sept 6, 1990	3	1,838	2,031	5.0	1,725	150	1,575
National Revenue—Taxation Cartridge library	Aug 17, 1989	5	1,934	3,574	20.8	2,674	996	1,678
Parliament— House of Commons Vax System	Aug. 1, 1990	3	1,300	1,646	11.5	1,352	245	1,107
Privy Council— Economic Council of Canada Computer	April 25, 1990	4	365	417	5.5	347	38	309
Public Works Guy Favreau Building, Montréal	Dec 1, 1983	35	87,600	422,950	12.7 ⁽²⁾	340,645	253,857	86,788
240 Sparks St, Ottawa	Jan 1, 1979	35	63,703	213,500	9.1 ⁽²⁾	138,775	81,096	57,679
L'Esplanade Laurier, Ottawa	July 1, 1975	35	60,374	222,715	9.4 ⁽²⁾	130,593	76,842	53,751
Place du Centre, Hull	Dec 1, 1977	30	26,201	96,600	11.3 ⁽²⁾	56,334	33,059	23,275
Terrasses de la Chaudière, Hull	July 1, 1977	35	146,084	564,230	9.7 ⁽²⁾	363,783	228,771	135,012
Cornwall, Government of Canada Building (GOCB)	Dec 1, 1984	35	9,600	49,420	14.5 ⁽²⁾	40,478	30,990	9,488
Scarborough (GOCB)	Dec 1, 1984	35	38,900	191,965	13.2 ⁽²⁾	159,040	120,590	38,450
Chatham (GOCB)	June 1, 1985	35	4,940	20,783	11.8 ⁽²⁾	17,327	12,481	4,846
Place Vincent Massey, Hull	Aug 1, 1986	25	23,439	78,627	12.8 ⁽²⁾	63,947	40,772	23,175
Canada Place, Edmonton	Oct 1, 1988	35	105,000	438,865	11.7 ⁽²⁾	407,518	303,229	104,289
			565,841 ⁽¹⁾	2,299,655		1,718,440	1,181,687	536,753
Sub total			572,793	2,308,960		1,725,419	1,183,191	542,228
Consolidated Crown Corporation— Canadian Broadcasting Corporation Computer	July 1, 1990	4	1,355	1,972	7.4	1,465	150	1,315
Total			574,148	2,310,932		1,726,884	1,183,341	543,543

⁽¹⁾ Estimated fair value.

⁽²⁾ Lessors/Lessee's financing rate per lease agreement is subject to change over term of lease.

TABLE 11.11

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY
(in thousands of dollars)

Department and agency	Payments due in											Total
	1992	1993	1994	1995	1996	1997 to 2001	2002 to 2006	2007 to 2011	2012 to 2016	2017 to 2021	2022 to 2026	
Communications—												
National Film Board												
Remaining payments	293	294	294									881
Imputed interest	49	26										75
Net commitments	244	268	294									806
Industry, Science and Technology												
Remaining payments	613	613	499									1,725
Imputed interest	79	59	12									150
Net commitments	534	554	487									1,575
National Revenue—Taxation												
Remaining payments	541	541	541	1,051								2,674
Imputed interest	348	308	279	61								996
Net commitments	193	233	262	990								1,678
Parliament—												
House of Commons												
Remaining payments	440	440	472									1,352
Imputed interest	127	102	16									245
Net commitments	313	338	456									1,107
Privy Council—												
Economic Council of Canada												
Remaining payments	104	104	104	35								347
Imputed interest	17	12	7	2								38
Net commitments	87	92	97	33								309
Public Works												
Remaining payments	63,664	63,664	63,664	63,664	63,664	318,319	318,319	328,913	243,857	159,364	31,348	1,718,440
Imputed interest	59,504	59,074	58,597	58,070	57,485	276,243	248,880	192,774	113,219	52,396	5,445	1,181,687
Net commitments	4,160	4,590	5,067	5,594	6,179	42,076	69,439	136,139	130,638	106,968	25,903	536,753
Consolidated Crown Corporation—												
Canadian Broadcasting Corporation												
Remaining payments	268	269	928									1,465
Imputed interest	77	63	10									150
Net commitments	191	206	918									1,315
Summary												
Remaining payments	65,923	65,925	66,502	64,750	63,664	318,319	318,319	328,913	243,857	159,364	31,348	1,726,884
Imputed interest	60,201	59,644	58,921	58,133	57,485	276,243	248,880	192,774	113,219	52,396	5,445	1,183,341
Net commitments	5,722	6,281	7,581	6,617	6,179	42,076	69,439	136,139	130,638	106,968	25,903	543,543

TABLE 11.12

CAPITAL LEASES—PURCHASE OPTIONS EXERCISED DURING THE YEAR
(in thousands of dollars)

Department and agency identification of capital leases	Original lease plan				Values upon exercise of purchase option					
	Total minimum lease payments including final purchase options	Imputed interest	Executory costs	Net commitments	Total minimum lease payments including purchase options exercised	Imputed interest	Net minimum lease payments	Executory costs	Purchase options exercised	Market or appraisal value of acqui- sition
Indian Affairs and Northern Development Computers	6,088	1,574		4,514	6,055	1,541	4,514		215	267
Industry, Science and Technology Computers	2,903	480	840	1,583	1,944	328	1,616		33	N/A
Total	8,991	2,054	840	6,097	7,999	1,869	6,130		248	267

N/A—Not available.

Insurance Programs of Agent Enterprise
Crown Corporations

At present, three Crown corporations operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc. are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, two of the Crown corporations have required loans or other funding from the Government to meet obligations.

Information presented in Table 11.13 has not been audited since the information presented therein is derived from interim financial statements. The most recent annual financial statements of these corporations may be found in Volume III of the Public Accounts. Insurance programs of agent Crown corporations are summarized in Note 15 to the audited financial statements in Section 2 of this volume.

In Table 11.13, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

TABLE 11.13

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1991
(in millions of dollars)

	Canada Deposit Insurance Corporation ^[1]				Canada Mortgage and Housing Corporation ^[2]						Export Development Corporation ^[3]	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund		Home Improvement Loan Fund		Rental Guarantee Fund			
	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91	1989-90
Insurance in force as at reporting date	291,400	233,022	53,680	49,830	5,459	4,472	[4]	[4]	N/A	N/A	4,999	4,326
Opening balance of Fund ...	-888	-1,062	83	-82	1	[4]	1	1	16	12	47	45
Revenue for the year—												
Premiums and fees	271	245	190	161	2	1					23	26
Investment income	3	4	98	71	1	1			1			
Other revenue	12	25	1		1				1	1		
Total revenue	286	274	289	232	4	2	[4]	[4]	2	1	23	26
Expense for the year—												
Loss on claims	-79	-78	108	-6							21	23
Interest on loans	144	165										
Administrative	12	13	77	73	1	1			1	-3	1	1
Funds returned to Government												
Total expense	77	100	185	67	1	1	[4]	[4]	1	-3	22	24
Net income/loss (-) for the year	209	174	104	165	3	1	[4]	[4]	1	4	1	2
Closing balance of Fund	-679	-888	187	83	4	1	1	1	17	16	48	47
Net claims during the year ^[5]	-60	-195	33	-30	N/A	N/A	[4]	[4]	N/A	N/A	3	7
Five year average of net claims paid	117	258	-14	13	N/A	N/A	[4]	[4]	N/A	N/A	5	2

N/A—Not applicable.

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$1,225 million at March 31, 1991 (\$1,375 million at March 31, 1990). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the accounts of Canada for the losses experienced by CDIC.

[2] Canada Mortgage and Housing Corporation (CMHC) administers four funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF as of September 30, 1990 disclosed that the Fund is more than sufficient to pay all future claims with respect to business in force. The surplus as at September 30, 1990 was estimated to be \$143.5 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government, guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

[3] The Export Development Corporation provides export and foreign investment insurance to Canadian business to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

[4] Less than \$500,000.

[5] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 11.14 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 5.4—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise

Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 6.10—"Contingent Liabilities of Enterprise Crown Corporations". Some Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 11.13 of this section.

The contingent liabilities of the Government comprise explicit guarantees by the Government, which include borrowings by other than Crown corporations, both from agent Crown corporations and from other than agents. Such explicit guarantees consist of guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as the contingent liabilities of consolidated Crown corporations in the following table. This table is also summarized in Note 16 to the audited financial statements of the Government in Section 2 of this volume.

TABLE 11.14

STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1991

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of net claims to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
EXPLICIT GUARANTEES BY THE GOVERNMENT OF—			
Borrowings by Crown corporations which are not agents of Her Majesty—			
Canadian National Railway Company—Bonds and notes	130,500	130,500	
Borrowings by other than Crown corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing	750,000,000	67,853,450 ⁽⁴⁾	0.1
From other than agents—			
Guarantee programs of the Government—			
Canada Student Loans Act	6,861,782,553	3,060,677,585	2.7
Small Businesses Loans Act	1,010,508,051 ⁽⁵⁾	502,541,220	5.7
Atlantic Enterprise Program	185,959,769	185,959,769 ⁽⁶⁾	1.8
Advance Payments for Crops Act	400,000,000	164,748,833	0.2
Farm Improvement Loans Act and Farm Improvement and Marketing Cooperatives Loans Act	363,879,064 ⁽⁵⁾	135,081,804	1.0
Enterprise development program and Canadian Industrial Renewal Board	927,647,531	10,093,445 ⁽⁷⁾	13.0
Fisheries Improvement Loans Act	10,221,608 ⁽⁵⁾	5,763,095	5.4
Regional Development Incentives Act	20,704,075 ⁽⁸⁾	2,776,910	60.3
Loans to Indians by approved lenders for on-reserve housing		530,126,865 ⁽⁴⁾	0.1
Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC-7 and DHC-8 aircraft	914,425,000 ⁽⁹⁾	504,866,021 ⁽⁹⁾	1.2
Indian economic development	33,921,912 ⁽¹⁰⁾	3,859,048 ⁽⁴⁾	2.5
	10,729,049,563	5,106,494,595	

TABLE 11.14

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1991—Continued

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of net claims to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
Other explicit loan guarantees—			
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader	275,000,000	265,585,807	
Loans to construct coal handling and terminal facilities by Ridley Terminals Inc	230,000,000	199,500,000	
Loans to Marine Industries Limited for acquisition of assets	55,000,000	40,000,000	
Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie, Ontario	15,000,000	15,000,000	
Loans for the restructuring of Maislin Industries Ltd	7,685,817 ^[9]	7,685,817 ^{[9][11]}	
Loan to Seafreez Food Limited for acquisition of assets	15,000,000	5,100,000	
Loan to Nardex Canada Ltée for the manufacture of radio- protection and radio-telecommunication systems	403,750	403,750	
Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd	360,000	107,632	
	598,449,567	533,383,006	
Insurance programs of the Government— ⁽¹²⁾			
Insurance against accidents at nuclear installations under the Nuclear Liability Act ⁽¹³⁾	675,000,000	663,964,479	
Insurance under the Fishing Vessel Insurance Plan ⁽¹⁴⁾	25,471,342	281,388,000	
Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees	7,000,000,000 ⁽¹⁵⁾	89,000,000	
	7,700,471,342	1,034,352,479	
Other explicit guarantees— ⁽¹⁶⁾			
Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act	1,040,000,000	1,040,000,000	
Guarantees under the Prairie Grain Advance Payments Act		877,469,969	^[17]
Funding of 31 2/3% of construction costs of a heavy oil upgrader in Lloydminster, Saskatchewan	275,400,000	275,400,000	
Guarantees under the Agricultural Products Cooperative Marketing Act		56,895,283	2.3
Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc	1,800,000	1,800,000 ⁽¹⁸⁾	
Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property	500,000	500,000	
	277,700,000	2,252,065,252	
Total explicit guarantees	20,055,800,972	8,994,279,282	
CLAIMS AND PENDING AND THREATENED LITIGATION		15,856,162,156 ^{[9][19]}	
COMPREHENSIVE NATIVE LAND CLAIMS		1,248,000,000 ⁽²⁰⁾	
Sub total ⁽²¹⁾		26,098,441,438	
CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS		81,438,000 ⁽²²⁾	
Total		26,179,879,438	

^[1] The authorized limits indicated in the above statement, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

^[2] A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

^[3] Represents the average percentage over the most recent 5 years of net claims to the average amount of outstanding guarantees for the same period computed as at March 31, 1991. In some situations, where historical data is not readily available, departmental estimates have been used.

^[4] Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$61,646,051 and for Indian economic development, \$816,473. As at March 31, 1991, no loans had been issued for these amounts.

^[5] The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

^[6] The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$135,276,005 as at March 31, 1991) and in the Gaspé Peninsula and Magdalen Islands of Quebec where administration of the Program is the responsibility of the Department of Industry, Science and Technology (\$50,683,764 as at March 31, 1991). Industry, Science and Technology also has responsibility for all capital projects in excess of \$20 million.

^[7] Includes \$62,034 attributable to the Canadian Industrial Renewal Board.

^[8] The authorized limit for loan guarantees for on-reserve housing totals \$750,000,000 (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

^[9] Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of the statement.

TABLE 11.14

STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1991—Concluded

^[10] The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1991, \$26,078,088 has been expended from the CRF leaving a balance of \$33,921,912 available for disbursement.

^[11] Malsin Industries Ltd was placed in receivership on July 11, 1983 and was declared bankrupt on October 19, 1983. To date, the Government has made interim payments totalling \$20,361,132 US to creditors under a guarantee in the amount of \$27,000,000 US. It is anticipated that the Government will be called upon to make further payments to settle remaining obligations to creditors when certain issues are settled in US Federal Court, however the amount cannot be determined at present with any certainty.

^[12] Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75% of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1991 amounted to only \$911,000 (\$911,000 at March 31, 1990). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.

^[13] There have been no claims under the Nuclear Liability Act since its inception in 1970. The Act covers 9 Canadian nuclear installations as at March 31, 1991.

^[14] The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1991, the insured value of vessels under the Plan amounted to \$281,388,000; the balance of the account was \$25,321,342 and outstanding claims against the Plan amounted to \$1,250,000.

^[15] The Export Development Act specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$7 billion, the authorized limit.

^[16] A letter of comfort has been issued with respect to credit grain sales by The Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to \$5.2 billion at March 31, 1991.

^[17] Less than 0.1%.

^[17] The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.

^[19] Classified as follows:

(in millions of dollars)

a. alleged breach of written, verbal, statutory contracts including construction disputes	1,044
b. damage to property including loss of income	2,730
c. physical and mental injury including accidents, false imprisonment	190
d. expropriation and land claims	10,716
e. government employee disputes	38
f. not otherwise classified, miscellaneous	1,163
Sub total	15,881
Less duplicated claims	25
Total	15,856

Included in (d.) above is \$10.3 billion, a majority of which is related to native statutory and treaty obligations representing plaintiffs' claims in 85 litigation cases. There are another 134 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable. The Government also has 292 specific native claims of which \$121 million is included in (d.) and represents plaintiffs' claims in 54 cases. The amounts involved for the remaining 238 claims cannot be determined at this time and no amount for such claims is shown.

^[20] The Government has 7 comprehensive native land claims under negotiation. A further 20 claims have been validated and are awaiting negotiation. Another 9 are under review. Of the 7 comprehensive claims, 2 are in the final stages of negotiation. Should the 2 claims be ratified, the Government would be liable to pay financial compensation over a number of years as follows:

(in millions of dollars)

Council for Yukon Indians	248
Tungavik Federation of Nunavut	612
	860
Implementation costs over the next ten years	388
	1,248

Although the Dene Nation and Métis Association failed to ratify their claim in total in July 1990, it will form the basis for final negotiation by regions. This claim amounting to \$504 million plus associated costs of \$212 million, is now included in Claims and Pending and Threatened Litigation under expropriation and land claims.

^[21] Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Three departments reported contingent gains as at March 31, 1991 totalling \$9.1 million.

^[22] In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government. See Table 5.4 of this volume for further details of contingent liabilities of consolidated Crown corporations.

SECTION 12

1990-91

PUBLIC ACCOUNTS

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